



# Inputs

## Executive Director's Report

Hello MCPR members!

MCPR members have contacted me with concerns about Minnesota Department of Agriculture (MDA) fines which to them seem unreasonable and poorly timed. In fact, one member scheduled a meeting with their legislator, Rep. Al Juhnke, and Rep Collin Peterson's Minnesota Congressional staff, to enlighten them and complain about the unfairness of the fines. I attended this meeting, and noted that Rep. Al Juhnke not only seemed sympathetic, but promised to call the MDA to register his concerns. He also indicated that he would hold hearings in the Minnesota House of Representatives in 2011 to evaluate this issue more thoroughly.

In a subsequent meeting later that week I learned from a high level MDA official that in fact they had received contact from Rep. Juhnke related to the meeting with MCPR members earlier that week. MCPR maintains regular contact and nurtures our relationship with MDA. We don't always agree with the MDA and vice versa. However, after the "dust has settled" on any disagreement, we can disagree without being disagreeable and return professional respect. In this case, the MDA informed MCPR a couple of years ago that limited MDA finances were part of the reason they were moving from an "inspection/education/fines" operation to more of an "inspection/fine" model of operation. MDA stated another reason for the more punitive approach was that some retailers received and did not effectively respond to several MDA inspections and warnings on the same incident at the same location...an untenable situation.

Of course, MCPR immediately and repeatedly informed MCPR members of this MDA development. Related to MDA finances, MCPR has opposed MDA proposed increases in pesticide fees on numerous occasions during the legislative process over the years. Some have suggested MCPR is culpable in MDA's need to increase fines as a source of income to operate inspection programs to the extent that MCPR has been successful in opposition to pesticide fee increases. Rather than quibble about these developments, what positive MCPR initiatives will help address the MDA's dilemma?

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## News Notes

### CSP 2009 Signup Results for Minnesota

The first nationwide Conservation Stewardship Program (CSP) signup was held in August-September 2009. More than 1600 Minnesota landowners applied. Ultimately, more than 900 CSP contracts were approved in Minnesota, which is 7.8% of the national total. Many if not most of the unfunded applications are being considered in the 2010 signup. Annual payments in Minnesota ranged from \$18-\$32/acre for cropland (including, where applicable, a \$16/acre supplemental payment for resource-conserving crop rotations), \$6-\$18/acre for pasture, and \$2-\$6/acre for forest. Altogether, contracts enrolled under the 2009 signup in Minnesota will result in \$9.9 million worth of conservation maintenance, management, and enhancement on approximately 468,000 acres of privately owned working lands over five years (about 411,000 acres agricultural land and 57,000 acres forest land). (MDA)

### Illinois Anhydrous Ammonia Accidents Double

Illinois Ag Dept (IAD) investigated 45 NH3 accidents in the spring of 2010 compared to 21 total accidents the entire previous year. IAD found a majority of accidents occurred while the farmer was in possession of the ammonia. Many of the accidents could have been avoided by using the proper length of hose and ensuring the tanks were properly secured to the tool bars. Also, the various nurse tank set-ups (single tanks, double mounted tanks, two tanks pulled in tandem behind the bars) seem to be creating issues with hose length, proper connections, lack of regular tool bar maintenance and quick couplers. (Precision Ag)

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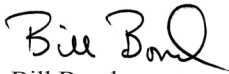
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First, we can continue to effectively communicate with the MDA and public policy makers about MCPR member concerns. In addition, we can influence MDA public policy decisions through participation in legislative hearings and other policy channels. Some MCPR members have advocated that MDA move back to the more traditional educational approach to inspections. However, MDA is a regulator with ultimate responsibility and authority to enforce public policy minimum agricultural standards; in addition to the MDA mission to promote Minnesota agriculture. One should realistically expect that a portion of MDA's enforcement options will continue to be enforcement actions and fines.

MCPR is responding with the MCPR Stewardship Program. Details and the opportunity to participate will be announced as soon as available. MCPR believes the industry must move into the external inspection-education-compliance model for numerous reasons. Avoiding regulatory fines and actions is an obvious and important motivation. However, regulatory compliance also generates more favorable insurance ratings and reduced policy cost. In addition, industry experience indicates regulatory compliance provides a safer employment environment and subsequently reduced employee costs. Finally, the agricultural input industry can demonstrate a commitment to operational excellence and the environment. Of course, we don't naively believe environmental extremists will easily be satisfied. But prudent industry leaders understand the inevitable policy direction to more environmental sensitivity and regulation because our industry is getting more complex and the environment is receiving more attention from our friends, our family members, our customers, and the public.

The MCPR Board wants to explore one more idea with MCPR members. Some have suggested that MCPR retain an attorney with agricultural regulatory expertise and make this optional legal resource available to MCPR members for a special, optional fee. The advantage of this approach is to focus state regulatory issues through one legal source rather legal counsel without agricultural legal expertise. If you think an optional legal service would be of interest, please email me at [bill@mcpr-cca.org](mailto:bill@mcpr-cca.org) and express your support. Should there be sufficient interest, MCPR will explore this idea in more depth.

Until next time,



Bill Bond  
MCPR Executive Director

## News Notes/ continued from pg. 1

### **Centra Sota Coop Reports Public Policy Success**

MCPR Board member Sean Ness, Agronomy Sales & Marketing Manager for Centra Sota Coop with headquarters in Buffalo, MN, reported that two Congressional staff members from U.S. Representative Michele Bachmann's office attended the Centra Sota "Answer Plot Technology Tour" event in Santiago in June. The staff members addressed the crowd of 175 attendees with the microphone for a few minutes over the noon lunch – and called it a huge success. Other attendees confirmed Sean's assessment that the agricultural crop input industry was given a real image boost and encourages other MCPR members to include legislators on their invitations to producer meetings because, "...as an industry we need to keep building on our message in both St. Paul and Washington." Sean has been inviting public policy makers to events for some time now. He indicated the key to success is having farmers send the invitations to the legislators – even if they are written by Agribusiness staff. He reports his mailing list includes 28 State Senators and Legislators as well as his representation in Washington. Nice work, Sean! (MCPR)

### **Ag Recovery**

Farmers taking part in Rabobank's annual spring survey are reporting a 24 percent income improvement since last fall, but 82 percent say their incomes are down from last year. Rabo AgriFinance President/CEO John Ryan, says the farm economy is seeing improvement, mirroring the global economy. (FarmNetNews)

### **The American Seed Trade Association (ASTA) and the North American Export Grain Association (NAEGA) Request**

ASTA requests your vigilance in preventing the introduction of treated seeds in the supply of US grains and oilseeds, noting that the entire supply chain be vigilant in mitigating the rare circumstances when pesticide treated seed are mixed in with grain shipments. ASTA suggest that our industry continue the high standards of treated seed handling to prevent treated seeds from entering the grain and oilseed supply. (ASTA)

### **Waconia Manufacturing Announces**

Waconia Manufacturing has established an Employee Stock Ownership Plan (ESOP). Under the plan, employees will have a significant ownership interest in the company. Gary Burau will provide consulting services for the company as Chairman of the Board. Burau was formerly the president. Troy Williams has been named president and will be handling the day-to-day operations. Williams has been with the company for more than 17 years, he was formerly the vice president. (Waconia Manufacturing)

### **Agrium Seeks to Expand Farm Retail Outlets**

Michael Wilson, president and CEO of Agrium Inc., told shareholders at the company's annual general meeting in Calgary that his next priority is to expand Agrium's North and South American network of farm retail outlets. In 2009, Agrium aggressively sought to acquire CF Industries before it merged with Terra Industries. Over the past five years, Agrium has completed nine acquisitions. (Ag Professional)

## News Notes

### **Crop Insurance Last Draft**

The USDA released the final draft of a new crop insurance agreement which is designed to save \$6 billion. Two-thirds of this savings will go toward paying down the federal deficit, and the rest will support high priority risk management and conservation programs. The final draft of the Standard Reinsurance Agreement follows two draft proposals and months of discussions with insurance companies and other stakeholders. USDA says the final draft will generally maintain the current Administrative and Operating subsidy structure, but remove the possibility of windfall government payments, based on high commodity price spikes by limiting the level of A & O payments that the industry can receive. The initial reaction from crop insurance companies is not very positive. A spokesman for the crop insurance executives said they were shocked at the level of cuts and at the new concepts presented in the final offer. The USDA plans further meetings with crop insurance companies. (FarmNetNews)

### **Study Shows Production Ag Good for the Environment**

National Corn Growers Association reports that a new peer-reviewed study from Stanford University finds that modern agriculture has slowed the pace of global warming. The research, led by two scientists from Stanford University, found that high-yield agriculture has prevented large amounts of greenhouse gases from entering the atmosphere, the equivalent of 590 billion metric tons of carbon dioxide. A Stanford news release stated that, if not for increased yields, additional greenhouse gas emissions from clearing land for farming would have been equal to as much as a third of the world's total output of greenhouse gases since the dawn of the Industrial Revolution in 1850. Enter: [http://foodsecurity.stanford.edu/news/highyield\\_agriculture\\_slows\\_pace\\_of\\_global\\_warming\\_say\\_fse\\_researchers\\_20100614](http://foodsecurity.stanford.edu/news/highyield_agriculture_slows_pace_of_global_warming_say_fse_researchers_20100614) into your web browser to read the full study report. (Ag Marketing)

### **Supreme Court Reverses Lower Court Ruling on Biotech Alfalfa**

The U.S. Supreme Court reversed a lower court's nationwide ban on the cultivation of biotech alfalfa, remanding the case back to the District Court and United States Department of Agriculture (USDA) to determine what interim measures can be implemented while the agency completes its environmental impact statement process. In the lower court case, environmental groups and individual organic alfalfa farmers sued USDA claiming the agency's decision to grant deregulated status to glyphosate-tolerant (or "Roundup Ready®") alfalfa violated the National Environmental Policy Act (NEPA). After finding a NEPA violation, the lower court enjoined almost all planting and sale of Roundup Ready® alfalfa and the Ninth Circuit affirmed. (US BIO)

### **Hours of Service Update**

Recently the Federal Motor Carrier Safety Administration (FMCSA) issued a proposed rule pertaining to the ag hours of service (HOS) exception for the transportation of ag supplies. This past spring our industry operated under a 90 day special waiver to use the HOS exception for ammonia transportation between the terminals and the retail sites. The waiver expired in late June, leaving us again in limbo as the fall season approaches. After more industry meetings with FMCSA, the Agency issued this proposal which is to provide a 2 year waiver from HOS for these movements, but just for anhydrous ammonia. **They are taking comments until August 13th.** MCPR will be making a

case that the exception should be extended to other ag supplies such as liquid fertilizers. MCPR is committed to restoring the full HOS ag exception for all segments of "distribution" within a 100 mile radius. To submit comments go to: <http://www.fmcsa.dot.gov/rules-regulations/administration/rulemakings/proposed/Exemption-for-Distribution-of-Anhydrous-Ammonia.aspx>. Your comments must be received on or before August 13, 2010. (FMCSA)

### **MDA Six Inch Soil Temperature Network**

The Minnesota Department of Agriculture in cooperation with the MN Department of Natural Resources, has established 10 – 6-inch depth soil temperature reporting sites in west central, southern and southwest Minnesota. Best management practices for nitrogen use in corn production in Minnesota recommends that urea (46-0-0) and anhydrous ammonia (82-0-0) applied in the fall should be delayed until soil temperatures at the 6-inch depth stabilizes below 50 degrees F. All of the 6-inch soil temperature sites are co-located at upgraded DNR stream gauging stations. Soil temperature information is collected by DNR data logging equipment every 15 minutes and up-linked to the National Weather Service computer servers. From there the NWS data is archived and delivered via the MDA website. The MDA website will display the current soil temperature readings as well as charting the last 7 days' values. To see the data type the following MDA web link into your browser: <http://gis.mda.state.mn.us/maps/csgsoil.htm> or go to the MDA homepage and search for "6-inch soil temps". Current temperature recording sites are in the following counties: Blue Earth, Chippewa, Freeborn, Lac Qui Parle, Lyon, McLeod, Pipestone, Redwood, Rock, and Swift. The first site went online in June 2009 and data has been reporting data ever since. The MDA will expand the 6-inch soil temperature monitoring sites as the MnDNR upgrades additional sites in the next years. For additional information contact: Russ Derickson, MDA Ag Advisor, 507-752-7036 or at [russell.derickson@state.mn.us](mailto:russell.derickson@state.mn.us) (MDA)

### **Minnesota Storm Water Permits**

MCPR advised members a couple of years ago that the storm water permit does not pertain to MCPR members if they operate under SIC 5191 which we confirmed with the PCA office when they were formulating this permit a few years ago. MCPR's endorsed regulatory compliance firm also indicated at that time that should a firm decide to register for this permit even though they do business under SIC 5191, then other federal requirements of significance could also come into play for these firms. The SIC 5191 is for "wholesalers of farm supplies" and is outside of the storm water rule. However, MCPR has learned that some feed mills submitted SIC 2048 and grain elevators have used the SIC code 4221 and therefore have a compliance issue with the MPCA. As background, generally, SIC/NAICS codes are not assigned by the EPA or MPCA. Rather, in the process of applying for a federal identification number, a company must provide a SIC code. However, the entire enterprise is represented by the code. To the extent that storm water permits guidance document requires each facility to be considered separately rather than as an entire enterprise, some might interpret the PCA guidance document to submit for a permit in spite of the overall enterprise SIC code. Be wary when dealing with storm water permits in Minnesota. (MCPR)



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## *Craig's View*

Hello MCPR Members,

We are moving through the summer and will once again start the fall harvest and soil application cycle. Hours of service issues and the challenge of getting our product supply to our customers in a timely fashion will consume our attention. Sometimes it is hard to step back and gain the perspective you need to continue to thrive in this fast paced competitive cycle. But successful dealers must get the proper perspective to maintain their competitive edge. MCPR provides the opportunity to get the best perspective at the CPM Short Course and MCPR Trade Show this year on Tuesday, December 7th through Thursday, December 9th, 2010. Plan now to get your team to the meeting. You deserve, and your customers expect, that you will stay on top of the latest industry developments. You can't afford not to attend!

Craig Maurer  
Board Chairman