



# Inputs

## Capitol Update

Political posturing has defined activities in both Washington D.C. and St.Paul. The gushing of red ink and now slight economic up tick has hardly made a dent in the rhetoric. For the most part, MCPR is experiencing success in defending our interests and addressing the issues we face. With self imposed and fuzzy legislative deadlines looming, action is at a furious pace as we move through March and April.

### Nurse Tank Inspection Limitations bill

MCPR is joining with several other ag associations to address the unfair intrusion of DOT in the inspection of vehicles and tanks on MCPR member facilities. H.F. 3275 authored by Rep Tim Faust, DFL – Hinckley, states that, “ a vehicle, cargo tank, or other container used to transport anhydrous ammonia may not be placed out of service unless the inspection under this section takes place at a fixed weigh station or on a highway right-of-way.” The concept was discussed in the House Ag Committee and strong support by legislative leaders was indicated. The bill will soon be heard in the House and Senate Transportation Committees. We have already become aware that Public Safety and DOT may have concerns about the bill.

### Budget Woes

Governor Tim Pawlenty issued his supplemental budget recommendations; he proposed to eliminate the state’s projected \$1.2 billion deficit and provide tax cuts to spur job growth. The Governor’s budget maintains funding for his priority areas including military and veterans, core public safety and K-12 education classrooms. The balanced budget proposal is in addition to Governor Pawlenty’s executive actions to resolve the additional \$2.7 billion budget deficit projected in July 2009. The Governor also renewed the request he made in the State of the State address that the Legislature ratify those actions. The Governor’s budget plan includes; **1)** \$250 million in reductions to state government aids to local units of government, **2)** \$347 million in reductions to state health and human services programs, **3)** \$387 million extension of enhanced federal Medicaid funding for states. For Agricultural, the specific budget plan includes; **1)** \$970,000 (3%) general fund reduction for 2010-2011 to the Minnesota Department of Agriculture (MDA) Operating Budget, **2)** 3.0% balance transfer to the General Fund of fees collected by the MDA out of the agricultural fund. The pesticide fund, fertilizer fund, ACRRA (ag environmental remediation) funds and AFREC funds are a portion of the funds in the larger agricultural fund. MCPR has testified against the transfer of 3% of the Ag Funds into the General Fund. Fortunately, the Senate Agriculture Finance Division passed their ag budget bill recently and no transfer from the ag funds to the state’s general fund was made. We are waiting to see what the House Ag Finance Division does.



Inside this Issue

Capitol Update	1-2
Executive Director’s Report	2
Reguletter	Insert
News Notes	3
Craig’s View	4

### Variable Rate Application (VRA) Equipment Grant

HF 3021 authored by Rep Faust and SF 2824 authored by Senator Skoe provides up to a 10% grant for rebate to businesses/coops who purchase V.R.A. machinery capable of applying three or more fertilizer products simultaneously. A stipulation in this grant would be a commitment that the VRA equipment will be used on at least 5000 acres each year in Minnesota for five years, initial review of this legislative proposal is positive. MCPR is working with legislators to see if this bill will be considered in committee. With severe money problems this year, the success on this bill is questionable unless it was stipulated to come from the dedicated “Clean Water Legacy”.

## Capitol Update/ continued from pg. 1

### **Propane and Anhydrous Ammonia Terminal Capacity Study Legislation**

H.F. 3348 was introduced by Chief Author Doug Magnus, a farmer and legislator from rural Slayton. The bill would require that, “the commissioner of agriculture, with assistance from the Office of Energy Security, shall determine the total propane and anhydrous ammonia terminal capacity located in the state and within 100 miles of the state’s borders. The commissioner shall also use projected grain yields and other relevant factors to estimate total agricultural demand for propane and anhydrous ammonia in this state in the year 2020 and shall develop a detailed plan for fully and economically satisfying this anticipated demand. No later than February 1, 2011, the commissioner shall present the report to the legislative committees with jurisdiction over agricultural finance.” There is no companion bill in the Senate, but it is clear our efforts with the MDA to address our terminal and Hours of Service issues have made legislators aware of this serious issue.

### **Priority Lien Bill Advances**

Producers are working to advance a bill that would provide a priority lien for feed provided on credit by a feed mill to a livestock producer, S.F. 2465 and H.F. 2889. The bill provisions would apply for 30 days from the date when a livestock producer and/or the lender files for Minnesota Farmer/Lender Mediation. Feed mills would agree to keep the livestock fed while the producer attempts to re-negotiate lender financing through mediation, as a last resort to avoid selling out or filing for bankruptcy. MCPR is supporting this effort in hopes that the authority can be broadened in the future to crop inputs.

## Executive Director’s Report

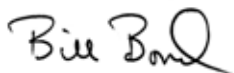
Hello MCPR members,

The legislative session is reaching a fever pitch. A number of interesting proposals are being developed which will have impact on MCPR members. Among them is an 1) equipment 10% purchase price grant/rebate for VRA equipment, and 2) clarifying that nurse tanks on your property and are not on public roads are off limits for DOT inspector out of service tags, and 3) the possibility that money will be transferred from the Minnesota Department of Ag (MDA) Ag Fund to the General Fund. The Ag Fund houses the fertilizer and pesticide funds, ACRRA and AFREC funds our fees pay to support. MCPR is working aggressively on all of these proposals to respectfully and effectively influence the legislators in the proper direction.

Another MCPR focus is to assist members in their efforts to comply with the many federal and state laws and rules constantly impacting how you do business. In fact, we are moving to help you get ahead of the demands by creating the MCPR Stewardship Regulatory Compliance initiative. This voluntary audit will guide you to proactively assess your regulatory compliance and modify those items that need attention prior to regulators inspecting and issuing fines which is the routine experience now. MCPR staff will have a report to present to the MCPR Board on this important project by midsummer. Stay tuned.

Finally, on a personal note, my lap top hard drive crashed three times in the last six months, two of those in the last month. A lesson I learned was that backing up your computer is essential...not only for the data you share with your company...but also your C drive – the info and data you keep on the lap top. I regularly do a back up – but even with the back up, recovering from a hard drive crash is a major set back...just a “word to the wise.” Thankfully, all of the equipment replacement costs were covered with the contract on my computer.

Until next time,



Bill Bond

## News Notes

### **Rep. Collin Peterson, MN, takes on EPA**

US House lawmakers introduced a bill to block the U.S. Environmental Protection Agency's (EPA) authority to regulate greenhouse gases (GHGs), marking the latest in a string of bipartisan attacks against forthcoming regulatory climate rules. The bill introduced by Agriculture Chairman Collin Peterson (D-Minn.) would amend the Clean Air Act (CAA) to prohibit EPA from regulating GHGs based on their effects on global climate change. The bill would also advance several of the farm state lawmakers' other priorities by stopping EPA from calculating land-use changes in foreign countries for determining U.S. renewable fuels policy, and broadening the definition of renewable biomass. The effort comes as EPA prepares to begin regulating GHGs next month with its final tailpipe standard. That rule will trigger stationary source regulations, and the agency is expected to continue crafting GHG standards for other sectors. (TFI)

### **Rep Collin helps on EPA Atrazine Review**

Recently, House Agriculture Committee Chairman Collin Peterson sent a letter to EPA Administrator Lisa Jackson regarding the recent EPA decision for yet another FIFRA panel review of Atrazine. On behalf of producers and agribusiness, Chairman Peterson asked the EPA to ensure that decision-making will be fair, transparent, and science-based.

### **Minnesotan on ARA Board**

The Agricultural Retailers Association has welcomed ten new board members including Dave Finken. Dave Finken, who is based in the Twin Cities, is Mosaic's sales director for the eastern half of North America. (ARA)

### **TFI Continues Efforts to Support Agricultural Hours of Service (HOS) Exemption**

MCPR has coordinated our concern about the USDOT's interpretation of Agricultural HOS. TFI notified MCPR about their efforts to resolve the difference between the Department of Transportation (DOT) and our industry's interpretation of the agricultural hours of service exemption. Recently, TFI, along with the Agricultural Retailers Association (ARA), the Agricultural and Food Transporters Conference and the National Council of Farmer Cooperatives met with officials in the office of U.S. Department of Agriculture Secretary Tom Vilsack. The Secretary's office has assured us that USDA will weigh in on this issue with DOT Secretary Ray LaHood. Also this week, Reps. Sam Graves (R-Mo.) and Blaine Luetkemeyer (R-Mo.), who have been at the forefront in trying to resolve this matter for us, held a conference call with Federal Motor Carrier Safety Administration Administrator Ann Ferro. Administrator Ferro promised Reps. Graves and Luetkemeyer they will have a decision by March 18.

### **Supreme Court Denies NPDES Pesticide Permit Case**

The U.S. Supreme Court decided not to review a recent court ruling from the 6th Circuit Court of Appeals in Ohio regarding National Pollutant Discharge Elimination System (NPDES) permits being applied to pesticide applications. Crop Life America, MCPR, and much of the agricultural industry had filed a petition asking the USA's highest court to re-hear the case. Several State Departments of Agriculture also signed on to the petition as did 30 members of Congress from both political parties. "The panel's ruling creates another legal burden for our farmers, custom applicators and agricultural dealers and leads to additional regulations which may well further prevent food growers from maximizing their output" said Jay Vroom, CEO of Crop Life America. He went on to say "this is not only detrimental to farmers, but could prevent the country from producing more food, fuel and fiber for a growing world population." Unfortunately, this means the USEPA will continue to develop a draft federal permit for pesticide applicators, which will be targeted at first toward aquatic applications such as mosquito control, aquatic uses and drainage and irrigation treatments. The permit may be in place as early as Spring 2011. It is not known yet how cumbersome the process will be, what the permits will cost, etc., but the ag industry believes that activist groups will continue to use the judicial system to ensure that these permits are required for all aspects of pesticide application in the United States. Our industry must continue to work with Congress to urge them to treat pesticide applications as non-point source applications and therefore not be subject to Clean Water Act programs such as the NPDES program. (CLA)

### **Sales Tax Exemptions for Ag Inputs**

MCPR learned that the Minnesota Department of Revenue may have higher expectations for ag input dealers and retailers pertaining to sales tax exemptions for ag inputs than originally thought. MCPR is in the process of getting clarification from the Department of Revenue, but preliminary instructions are that all ag input dealers are required to have all customers sign Form ST3 for all transactions involving sales of seeds or plants to be used or consumed in agricultural or industrial production. If retailers fail to obtain the form/certificate at the time of sale and cannot later prove that the sale was exempt from sales tax, the tax could be assessed to the business at a later date from the Department of Revenue. We will have additional updates as this situation develops. (MCIA)



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## *Craig's View*

Dear MCPR members,

As I write this article the first week in March, I know January and February slide by pretty fast. Getting focused for spring is a priority for all retailers. We have sales meetings, safety meetings and Right to Know. We make plans for upgrading equipment and repairs to our existing equipment to meet all the regulations. This is all great, but there are a few items that get pushed in the rear view mirror all the time. The first item is credit. Livestock has been tough on producers and land rent has not scaled back very much. Right today there are producers having their financial loans called in who have never missed a payment. Retailer's need to evaluate your accounts receivables before spring arrives. Asking questions about credit is hard but it's also good business.

The other item that has always been in the rear view mirror is family. If you haven't spent some quality time with your loved ones, time is getting short. The spring season is not only stressful on you, but it takes its toll on your family also. So, as you work on that priority list for spring make sure to spend some extra time with your family and friends.

Board Chairmen,

Craig Maurer