Growing Michigan Agriculture

Wednesday, March 5, 2014
State Legislative Update

- Budget
- Ag Jobs
- Infrastructure
- Election 2014
Budget

MDARD

• $1.8 million for dairy inspection program
• $2.5 million for qualified forest program
• $800k for processing export certificate requests
• $3 million for year two of Strategic Growth Initiative
Budget

DEQ

- $4 million for new water quality initiative (water strategy/water use tool/beach monitoring)
- $1 million statewide recycling initiative
- $1 million for compliance assistance efforts
Budget

DNR

- $4 million ongoing, $2 million one time for invasive species efforts
- $3.5 million for new conservation officer school
Budget

Higher Education

• 6.1% increase to universities ($76.9 million)

• 6.1% increase to MSUE/AgBioResearch
  – MSUE ($1.59 million)
  – AgBioResearch ($1.84 million)
Ag Jobs

- Merit Curriculum Legislation
- Office of New Americans
Infrastructure

Transportation Funding

- Need is between $1.3 - $1.6 billion
- $100 million - $215 million in supplemental for winter maintenance
- Michigan ranks 33rd in the nation for deficient bridges
ELECTION 2014
Election 2014

- Governor/Lt. Governor
- Attorney General
- Secretary of State
- Three State Supreme Court seats
- One U.S. Senate seat
- 14 U.S. House seats
- 38 State Senate seats
- 110 State House seats
- All county commission seats
Ballot Questions

- Personal Property Tax and Use Tax
- Wolf Hunting
- Wildlife Management
- Hydraulic Fracturing
- Referendums on Legislative Appropriations
National Legislative Update

• Regulation
• Tax Reform
• Immigration Reform
• 2014 Farm Bill
Regulation

• Food Safety Modernization

• Clean Water Act

• Renewable Fuels Standard (RFS)

• Biotechnology – approval time frame

• Big Data
Tax Reform

• Introduced late February by Rep. Dave Camp

• Comprehensive – Business & Individual

• Complete tax reform proposal can be found at http://tax.house.gov

Tax Rates – Capital Gains – AMT– Sec. 179 – Acct
Tax Reform

**Tax Rates:**

- Top corporate tax rate 25 percent
- Two tax brackets for individuals, 10 and 25 percent.
- Surtax of 10 percent on the modified adjusted gross income (MAGI) of taxpayers making over $400,000/individual or $450,000/joint.

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*MICHAEL FARM BUREAU*
Tax Reform

Capital Gains:

• Forty percent of capital gains will be excluded from taxation.

• The remaining 60 percent of any capital gains are taxed at the taxpayer’s income tax rate.
Tax Reform

Alternative Minimum Tax:
• Repealed!

Section 179:
• The Section 179 small business expensing deduction limit is permanently set at $250,000 with the deduction phased out when investments exceed $800,000.
Tax Reform

Accounting Methods

• The proposal makes no changes to cash accounting rules for farmers. Farm Bureau supports the continuation of special cash accounting rules for farmers which only requires accrual accounting for C-corps with more than $25 million in gross receipts.

http://tax.house.gov
Coming Labor Challenge
Figure 1.2
Five-Year Migration Flows Between the U.S. and Mexico, 1995-2000 and 2005-2010
(in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>U.S. to Mexico</th>
<th>Mexico to U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995 to 2000</td>
<td>670</td>
<td>2,940</td>
</tr>
<tr>
<td>2005 to 2010</td>
<td>1,390</td>
<td>1,370</td>
</tr>
</tbody>
</table>

Note: Estimates are for February 1995 through February 2000 and June 2005 through June 2010. Migration from U.S. to Mexico includes persons born in Mexico, the U.S., and elsewhere; Mexico to U.S. includes Mexican-born persons only.

Source: U.S. to Mexico: Pew Hispanic Center estimates from population, household and migrant microdata samples of Mexican censuses of 2000 and 2010; Mexico to U.S.: Based on Pew Hispanic Center estimates in Figure 1.3 from various sources; see Methodology

PEW RESEARCH CENTER
House Immigration Reform

• John Boehner, 11.13.13
  – “We have no intention of ever going to conference on the Senate bill.”

• John Boehner: 11.21.13
  – “Is immigration reform dead? Absolutely not!”
What is the chance Immigration Reform passes in 2014?
• **Rebecca Tallent** joins Speaker Boehner’s Staff, December 3, 2013.
• From Bipartisan Policy Center (advocate of immigration reform).
S. 744

The Border Security, Economic Opportunity, and Immigration Modernization Act
S. 744

- Blue Card program for current experienced farm workers.

- Agricultural Worker Visa Program.
  - Two options within program—contract & at-will
Agricultural Act of 2014

A basic overview of farm policy in the United States
The Review

• General Overview

• Program Crops (Corn/Soybeans/Wheat)

• Crop Insurance

• Conservation

• Dairy Policy
General Overview

Estimated Budgetary Effects

CBO estimates that direct spending stemming from the programs authorized by the conference agreement would total $956 billion over the 2014-2023 period, of which $756 billion would be for nutrition programs. Relative to spending and revenues projected under CBO’s May 2013 baseline, CBO estimates that enacting the conference agreement would lower budget deficits by $16.6 billion over that 10-year period.¹

• $23 billion savings over 10 years
• Three year process
  – Began in spring 2011
General Overview

- **House**: 251-166
- **Senate**: 68-32
- Strong bipartisan support
- Major policy reforms
What’s in the farm bill? (Costs from FY2014-2023)

- **Food stamps and nutrition, $756 billion**
- **Crop insurance, $89.8 billion**
- **Conservation, $56 billion**
- **Commodity programs, $44.4 billion**
- **Everything else, $8.2 billion**