



## NCGA Position

Title: Energy Policy  
Position Number: I-D-2

Date: 7/07  
Expires: 3/08

Background: Energy sources are a primary consideration for U.S. agriculture's competitive advantage. Agriculture should be included as a source of energy to reduce our dependence on foreign oil.

### Resolution/Position:

1. Promote a national energy policy that by developing domestic energy supplies while displacing foreign oil reduces our dependence on foreign oil and ensures national energy security with environmentally friendly, domestically produced natural resources, renewable resources including ethanol and its derivatives.
2. Support programs and policies to ensure priority availability of all forms of energy at reasonable and stable prices for production, transportation, processing and marketing of agricultural products.
3. Oppose additional federal taxes on fuel used in production agriculture.
4. Support continuation of the electrical loan programs of the Rural Utilities Service in agricultural areas.
5. Oppose the privatization of Rural Public Power Districts.
6. Support cost competitive alternative energy sources in the production of electricity.
7. Oppose any regulatory or legislative measure that would increase the cost of electricity.
8. Oppose regulations for electric utility restructuring that would shift costs from large industrial users to farm and residential users.
9. Support expanded domestic production and construction of infrastructure and also increased efficiencies for natural gas and other energy resources including finding more U.S. reserves by drilling in ANWR, coastal plains or other potential domestic locations.
10. Support the expansion of the biofuels industry by increasing the RFS to 25 billion gallons by 2025 (of that 15 billion should be corn based by 2015), which should be considered only as the "floor."
11. Resolve to work to insure the best rules possible for corn growers and the ethanol industry for implementation of a Renewable Fuels Standard.
12. Support efforts to use corn derived renewable feed stock for the production of electricity and other forms of energy.



13. Support authorization and full funding of \$150 million for the Commodity Credit Corporation Bioenergy program to be used for renewable fuel ventures that are greater than 50% farmer-owned.
14. We support one to one credit for any renewable fuel not specifically designated for original credits in the Energy Policy of 2005.
15. Support the use of bio-fuels and lubricants by federal, state and local government-owned vehicles.
16. We support moving beyond the national Renewable Fuels Standard to promote a more aggressive energy policy that would move the United States closer to energy independence.
17. Work to increase E85 infrastructure tax credit established in the Energy Policy Act of 2005 to 50% of the cost of installing new E85 infrastructure up to \$60,000 with the provision included that more than one pump per location or per company can be covered under this program.
18. We support NCGA's active participation in the 25X25 initiative, ensuring the corn industry's interests are well represented.
19. Government research dollars should include corn and corn fiber as a significant biomass feedstock in the production of biofuels.
20. Government policy, taxes and programs should not differentiate in the distribution and retail marketing of ethanol derived from different biomass feedstocks.

## NCGA Position

Title: Farm Policies  
Position Number: II-A-1

Date: 7/07  
Expires: 3/08

Background: In future farm policy support these long-term concepts to ensure prosperity for America's agricultural industry.

Resolution/Position:

1. Evaluate and support farm policy that will ensure that American farmers are:
  - Globally competitive,
  - Market responsive, and
  - Environmentally responsibleand that provides producers with:
  - Access to world markets
  - Access to capital
  - Access to advances of technology, and
  - Risk Managementin a sustainable and environmentally sound manner.
2. Support a program that:
  - a) is compatible with NCGA goals for WTO negotiations;
  - b) allows producers to make business and planting decisions based on market forces;
  - c) allows market forces to determine supply rather than government decision making;
  - d) allows payments to all size farms, small or large;
  - e) promotes profitability but does not guarantee it;
  - f) includes voluntary conservation practices and is adequately funded to encourage program participation to continue conservation of land and other natural resources;
  - g) will increase federal funding for research, domestic and international market development;
  - h) increases federal funding delivered to state and local control for rural economic development.
  - i) Investigate revenue-based insurance as a component of an income safety net
  - j) rewards producers for effort, assuming risk, and management
3. The 2007 Farm Bill Commodity Title for corn and potentially other commodities should provide for a county revenue countercyclical program integrated with crop insurance that is market sensitive while providing a safety net.
4. Support NCGA's proposed 2007 National Farm Security Act as the focus of Title I.
5. NCGA supports the National Farm Security Act as a focus for the Commodity Title of the 2007 Farm Bill. This effort will advocate for an appropriate implementation transition period.



6. NCGA will be involved in the development of the next farm bill; and if at an appropriate time it is determined that extending the current Farm Bill is the best option NCGA will support that extension through 2012.
7. Support a conservation program available for all corn growers that rewards them for best management practices used in their operations.
8. NCGA will oppose any effort to lower the payment limits or change the payment limit rules for the current and future Farm Bills.
9. Allow direct payments to be received in cash or "401K" type payment invested in value-added farmer owned industries or conservation practices.
10. NCGA will support maintaining the current Farm Bill budget baseline.



## NCGA Position

Title: 2002 Farm Program Implementation  
Position Number: II-A-2

Date: 7/07  
Expires: 3/08

Background: NCGA is committed to making farm programs work for producers. We support the following program provisions.

1. Support the Farm Security and Rural Investment Act of 2002 as passed, without further amendment.
2. Marketing Assistance Loans:
  - a) Oppose any decrease in the corn loan rate.
  - b) That the USDA improve the calculation for Loan Deficiency Payments (LDP) to make it more equitable between counties and states.
  - c) Support changes in the Loan Deficiency Payment Program (LDP) allowing producers to determine LDP rates on any or all eligible commodities after harvest or up to 30 days prior to the beginning of the marketing year. Payment cannot be made until verification of actual production.
  - d) Support continued LDP eligibility for silage, high moisture corn, or mycotoxin-infected or damaged corn.
  - e) Support a production deficiency payment tied into average county yields or individual APH for growers who fail to produce a crop.
  - f) USDA should revise its rules to give the producer the choice to have their LDP set in the county grown or marketed.
  - g) USDA should use the Posted County Price as the average of the two adjusted terminal prices for the county.
  - h) Any production from land in conservation compliance should be eligible for marketing loans.
  - i) The payment limitation for loan deficiency payments and marketing loan gains should be increased from \$75,000 to \$150,000. A Loan Certificate program should be available for producers whose production is greater than their LDP payment limit.
  - j) We support a waiver of beneficial interest requirements for LDPs on contract value-added grain delivered to entities such as seed-plants, food plants, farmer-owned ethanol facilities.
3. Work with Congress and the administration to find innovative ways to improve farm income.
4. USDA should put in place uniform policy for all county Farm Service Agency (FSA) offices that treats producers equitably and enhances the ability of producers to access all products and programs available to them through the entire crop year.
5. Support a change in FSA rules that would provide landowners more flexibility and decision making authority regarding the assignment or contribution percentages of base acres between tracts of farmland within an FSA farm unit number.
6. USDA should seek and allocate adequate budget funds to staff county FSA offices with adequate personnell to assure timely implementation of all farm programs. Further timeliness of service to producers should be a condition of the leadership of FSA performance appraisals.



7. Encourage USDA to continue to evaluate and correct inequities of LDP's between counties and states.
8. Encourage USDA to evaluate and correct inequities of PCP's as compared to local cash prices.
9. Support the development of a successor to the Farm Security and Rural Investment Act of 2002 prior to the expiration of the legislation.
10. Support livestock/poultry producers in their efforts to verify crop production in a fair and equitable manner.
11. Support making LDP's and Marketing Loan Gains available through 30 days after actual marketing and delivery of grain to allow capture of MLG on overrun.
12. USDA should ensure that after a farmer chooses to update his bases or yields, the Farm Service Agency cannot go back to bases and yields less than what can be proven. Additionally, the producer should be able to update bases and yields as CRP acres are returned to production.
13. Farmers who have planted crops such as sweet corn, hay crops, or pulse crops should not be subject to a reduction of FSA-defined total crop acres in the calculation of farm base.
14. Support the expansion and funding of the USDA inspector generals office to continuously monitor farm program implementation at the state level. While charged with ensuring fair and uniform interpretation and implementation of the farm program nationwide it would also provide fines and disciplinary action for those states which do not enforce uniform implementation of the farm program provisions.
15. Support updating bases and yields by using LDP's, crop insurance yields, or 3 similar farms, to reflect current cropping practices.



## NCGA Position

Title: Risk Management  
Position Number: II-A-3

Date: 7/07  
Expires: 3/08

Background: Agricultural producers cannot control the dual risks of weather and price. However, with revenue-based risk management tools, producers can avoid the disastrous effects of low yields and low prices. The subsidy structure of the federal crop insurance program should encourage producers to insure adequate revenue to avoid devastating losses but must not artificially stimulate production.

Producers must have timely information to make appropriate risk management decisions. The Federal Crop Insurance Corporation (FCIC), the private crop insurance companies and their agents must make every effort to provide cost and coverage information to producers as early as possible.

### Resolution/Position:

1. Support revenue-based risk management tools for all states with proportional federal subsidies for price and yield risks and progressive subsidies on increased levels of coverage.
2. Support the development of new and innovative risk management products to provide a wide array of tools to help producers manage price and yield risks.
3. Support risk management products that provide payment for actual losses, including losses incurred from delayed or prevented plantings, arising from disease or other natural causes.
4. Support the use of GPS and yield monitor systems for providing harvested yield and production reporting with hard production evidence.
5. Support contract provisions for full refund of farmer-paid premiums in the event Congress provides ad hoc crop loss assistance for the insured crop year.
6. Support a change in the base price discovery period for CRC spring-planted crops from February to January for policies with a March 15 sales closing date.
7. Support updating crop insurance to ensure equitable coverage for prevented planting losses.
8. Support a replant policy that will enable producers to replant with the crop of the producers' choice.
9. When considering production for crop insurance purposes, each farm number should stand on its own.
10. Encourage Congress to establish a new independent office of crop insurance oversight within USDA to oversee companies who receive Federal Crop Insurance subsidies. Furthermore, the office should be adequately staffed and funded.
11. Risk Management Agency should calculate premiums on an actuarially sound, regional basis.



12. Federal crop insurance rules regarding testing for mycotoxins should allow bin testing if the problem surfaces after harvest has begun in the area.
13. In order to receive disaster assistance payments from the federal government, farmers should be required to have purchased at least catastrophic federal crop insurance.
14. Support passage of the National Farm Security Act to provide more equitable aid for producers who have been hurt by natural losses.
15. Support the option of arbitration to settle crop insurance disputes.
16. Encourage development of innovative programs which would allow producers to insure higher value crops at reasonable values.
17. Encourage a review of the crop insurance program to assist producers who have had multi-year crop disasters and thus have lost the ability to adequately insure their crop.
18. Support requiring crop insurance companies to compensate producers for interest costs incurred while crop insurance claims are pending, under litigation or in arbitration, at similar interest rates to those producers are charged on premiums owed.
19. Support changes in the federal crop insurance premium subsidy structure to ensure equivalent dollar levels of subsidy for yield, revenue, and income protection policies regardless of selected unit coverage: basic, optional, enterprise or whole farm.
20. Encourage the Risk Management Agency to revise the new policy regarding corn affected with aflatoxin and other mycotoxins, as "test strip" requirements and payments allowed are unreasonable.
21. Support review of current planting date limitations to better reflect modern agronomic practices.
22. Support the development and administration of a Corn Grower Risk Management education and certification program recognized by and RMA and FCIC to aid in the issuance of written agreements.
23. Crop insurance companies should be required to disclose justifications for denying a claim.
24. Support the annual updating of county t-yields.
25. Support changing the 10 year production window for calculating APH to 10 calendar years.
26. NCGA shall diligently work to ensure that crop losses caused by man-made spring rises on the Missouri River are covered by crop insurance policies for the crop year 2006 and beyond.
27. Support revising the corn and soybean replant maximum payment allowed, to more accurately reflect the actual cost of replanting.



28. Support a process that will allow increased producer input and advocacy in RMA program development and implementation.

## NCGA Position

Title: Minimal, Consistent Regulation  
Position Number: II-B

Date: 7/07  
Expires: 3/08

### Resolution/Position:

1. Support accurate reporting of crop and utilization statistics by the USDA.
2. Support the provisions of the Commodity Exchange Act, which require the Commodity Futures Trading Commission to regulate commodity exchanges.
3. Support the full reimbursement of legal costs associated with unsuccessful litigation brought by state or federal regulatory agencies.
4. Support the development of state agricultural worker protection education programs as an alternative to the federally mandated worker protection standards.
5. Support administration by a single government agency where jurisdictions overlap.
6. Encourage the development of uniform criteria including office workloads in determining Farm Service Agency (FSA) office closures.
7. Farmers who do not have a service center in their home county should be allowed to choose an office of their preference.
8. Support maintaining the elected county committee system.
9. Support a reinstatement of the cooperative agreements for states to perform warehouse examinations in an efficient manner protecting the local interest.
10. Support member states in their efforts to protect the right to farm laws. All producers of agricultural products who are in regulatory compliance should be encouraged to continue their operations by all levels of government.
11. Support strengthening the Agricultural Fair Practices Act of 1967 by supporting the passage of the Family Farmers Cooperative Marketing Amendments.
12. Support Homeland Security and request that economic factors be considered when developing requirements/rules affecting agriculture.
13. Any state or local livestock/environmental regulation cannot be more restrictive than federal law.
14. Utilities will install and maintain services in such a manner which will not interfere with normal farming practices.



15. We believe production agriculture should not shoulder the costs of preventing methamphetamine production.
16. Support agricultural exemptions from the Environmental Protection Agency's Spill Prevention Containment and Control ruling.



## NCGA Position

Title: Federal Tax Policy Reform  
Position Number: II-C

Date: 7/07  
Expires: 3/08

### Resolution/Position:

1. Support legislation to redefine hedging to allow producers who replace commodities with offsetting futures and options positions of similar commodities to have the profit or loss on those futures or options positions taxed as ordinary income or loss rather than as capital gain or loss.
2. Support full deductibility of term life, long term care, and health insurance premiums.
3. Support an investment tax credit and other incentives for capital investments.
4. Support authorization of tax-deferred accounts to allow agricultural producers to contribute to savings accounts that would be taxed at the time of withdrawal.
5. Support elimination of capital gains tax or any method to reduce capital gains taxes, including rate reductions, exemptions for farmland from capital gains, or indexing a property's basis to inflation.
6. Support the continued use of commodity wages for agricultural employees.
7. Support efforts to exempt rental income from self-employment taxes.
8. Support incentives for farm (and other business) owners to transfer ownership to future generations during their lifetimes rather than allow the business pass through their estates.
9. Support legislation to permanently repeal the federal estate tax, and to retain the stepped up basis for estates. Also support legislation that may not eliminate the estate tax, but instead increase the exemption amount, and maintain an unlimited stepped-up basis.
10. Oppose a national flat tax as a method of tax reform if it does not include exemptions for business expenses.
11. Support legislation to increase the maximum gift tax exclusion per donor to \$20,000 per donee with annual adjustments tied to increases in the consumer price index.
12. Support the purchase of inputs financed by a lending subsidiary of the vendor to be deductible at the time of purchase.
13. Support a one time exemption from capital gains and income taxes on the first \$250,000 in proceeds from asset sales resulting from the exit from farming.
14. Advocate establishing a farmer-transition program that would allow farmers to sell their land and put the appreciation into a personal retirement account.



15. Support changes in tax policy that would allow producer members of cooperatives to declare income from their investment only when the cash is actually received.
16. Support the volumetric ethanol excise tax credit (VEETC) and other tax incentives that promote the expansion of ethanol and renewable fuels.
17. Support that the federal tax code adjust the original basis for inflation in calculating capital gains.
18. Support efforts to repeal the alternative minimum tax.
19. Support expansion of the 1031 provision of the federal tax code to include investment in agricultural value-added ventures.

## NCGA Position

Title: Rural Development  
Position Number: III-B

Date: 7/07  
Expires: 3/08

Background: NCGA encourages the U.S. Congress to initiate programs that will maximize potential opportunities for farmers and their communities. Engaging farmers in value-added processing, production, and marketing is an important strategy for enhancing farm profitability and fostering the development of their rural communities. This implies creating relationships between producers and their customers with shared risk and reward, enabling the producer to receive a larger share of their customer's dollar by investing management, equipment, processing, time, etc.

Resolution/Position:

Supports:

1. Adding value through local ownership that will maximize farmers profit potential.
2. New sources of capital and lendable funds for start-up and growth businesses.
3. NCGA will actively disseminate information sources on how and where to access debt and equity financing for producer owned/invested opportunities to membership.
4. A secondary market for economic development loans.
5. The Commodity Credit Corporation loan program for farmer investment new construction or expansion of value-added enterprises.
6. Encouraging that the USDA Rural Economic Community Development Funds to be prioritized towards farmer owned value-added systems.
7. An investment tax credit to support farmer owned value-added initiatives.
8. Further development of programs that provide technical assistance, business planning, feasibility studies, market research and development, technology, incorporation for farmer owned facilities.
9. Studies which show what corn processing can do for infrastructures and jobs in rural America. These studies should qualify for USDA value-added grant funding.
10. Actively support full funding (\$40 million) for USDA Rural Development Value Added Producer Grant Program.
11. Strong involvement by USDA – Rural Development State Offices in the development and scoring of applications of USDA Value-Added grants programs.



12. Strategies whereby farm income can be positively impacted by both a focus on productivity and a focus on opportunity.
13. Support implementation of the “rural development component” within the Farm Bill that would help create new corn utilization.
14. Support rural development grants language that encourages innovative value added efforts that do not depend on construction of facilities and supports market systems between producers and end users.
15. Value added opportunities for producers to invest up and down the value chain.
16. Support amending IRS Code Section 521, the certification criteria for producer cooperatives, to certify cooperatives in which more than 50% of the ownership and control is held by producers.
17. Support review and evaluation of co-op law to facilitate development of rural value-added projects.
18. Support amending federal law to define a producer owned or controlled business as more than 50% producer-owned or controlled for purposes of producer entities under federal tax, securities, and antitrust laws. Provide exemption for antitrust purposes similar to Capper Volstead exemption but without entity restrictions.
19. Support amending IRS Code to allow a cooperative or other producer business entity to convert to a newly eligible business structure without a liquidation tax being imposed if, after the reorganization, a majority of the governance and financial rights are held by producers of agricultural products.
20. Support allowing cooperatives and producers entities with proper disclosure to raise money from patrons and certain qualified investors as certified by the securities division of any state without federal registration. Exempt producer owned or controlled businesses from federal SEC reporting requirements unless securities are traded on a national public exchange.
21. Support amending SEC authority to grant a permit for an exchange for producers to trade or transfer their interests in producer owned or controlled businesses. Support grant from corn growers to develop model.
22. Support legislation that would prohibit the taking of property by eminent domain for private economic development.

## NCGA Position

Title: Crop Protection Use Policy  
Position Number: V-C

Date: 7/07  
Expires: 3/08

Background: The Environmental Protection Agency (EPA) should recognize the importance of crop protection products as effective and economical corn production tools, and should recognize that, over the past few years, manufacturers of these products and corn growers have voluntarily initiated and adopted changes in use rates, application practices and additional best management practices (BMP) that have resulted in significant decreases in total volumes applied and significant increases in soil and water protection measures. We urge EPA to objectively evaluate the risks and benefits of these crop protection products using the best available science.

### Resolution/Position:

1. Farmers should not be held liable if they use products according to label directions and generally accepted agronomic practices.
2. Encourage all producers to become certified applicators of restricted-use crop protection products.
3. Support efforts to increase the testing, research and adoption of science-based, environmentally safe methods and products for the control of pests and diseases. Encourage the use of these methods by agriculture.
4. Mandatory record keeping of crop protection products should be limited to restricted-use crop protection products. Confidentiality of the individual's records should be maintained.
5. Support the FQPA to take precedence over local crop protection product regulation.
6. Oppose efforts by EPA to require implementation of pesticide management plans. Support individual state water quality plans.
7. In its review of the registration of the triazines, EPA should recognize the importance of these products as effective and economical corn production tools that work well with conservation tillage.
8. Encourage and support the labeling of all crop protection product containers to clearly state the trade names and the amount of each chemical in a premix product, as well as the disclosure of this information in print advertising and promotional materials.
9. Require a cost risk/benefit analysis for the registration and re-registration of crop protection products.
10. When addressing risks of crop protection product residues in food, the most scientifically reliable estimates of risk and exposure should be used.



11. Require that any new environmental regulations show a positive cost and risk benefit analysis before implementation.
12. Oppose EPA efforts to implement zero tolerance or unrealistic spray drift policies or otherwise attempt to implement drift policy on a case by case basis.
13. With the passage of the FQPA, we recommend that the EPA move expeditiously to:
  - a) Make decisions based on sound science instead of based on default assumptions.
  - b) Register new crop protection products.
  - c) Release regulations and tolerances for products that have completed data.
14. Support the use of counterpart regulations to clarify the process of pesticide reviews under FIFRA and endangered species reviews under the Endangered Species Act.