



Capital Notes

Washington State Council of Farmer Cooperatives * 9103 Chestnut Hill Lane SE * Olympia, WA 98513

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In this issue...

- ***Locke applauds budget...see pages 1 & 2***
- ***Annual meeting program...see page 3***
- ***Conservation reserve payments...see page 3***

Locke applauds budget that invests in education, transportation

OLYMPIA - Gov. Gary Locke hailed the supplemental budget approved by the Legislature today as a victory over "business as usual" and said he would sign the budget into law as soon as possible.

"The budget approved by the House and Senate goes well beyond the mid-course adjustment that is typical of supplemental budgets," Locke said. "This budget goes beyond expectations. It changes fiscal policy, advancing our goal of making Washington's public schools the best in the nation."

Legislators approved the budget on the fourth day of a second special session that Locke convened on Monday. Lawmakers, who had become deadlocked over the budget, rapidly reached agreement as they worked on a compromise budget proposal the governor offered last week.

Locke said that while responding to the fiscal impacts of Initiative 695 and the need to improve education funding, the budget also provides significant increases in transportation funding.

"This budget strikes a balance," Locke said. "Over five years, the budget approved by the Legislature will provide more than \$1.5 billion in new funding for public schools and \$1.5 billion in new funding for transportation, including \$1 billion for roads."

When this year's legislative session began, the governor said education dollars must not be sacrificed for transportation, which was hit hard by I-695.

"The budget approved by the Legislature does not sacrifice education but still goes a long way in replacing transportation dollars that were lost as a

result of the initiative," Locke said.

The governor said the budget represents a measured and responsible response to the voters' decision to abolish the "car tax," the motor vehicle tax that had been providing \$750 million a year for local governments' public safety, health and transit services, as well as state transportation programs.

The budget provides more than \$265 million to help local governments cope with revenue losses and to provide one-time funding to maintain essential transit services while local transit systems identify long-term funding solutions.

It also finances critical transportation needs, including highway congestion relief projects, freight mobility improvements, highway safety improvements and maintenance of basic state ferry service.

"I am disappointed that the House and Senate could not agree on a property tax cut for those I worry about most - seniors and disabled people who fear they could be taxed out of their homes," the governor said.

Locke said he was certain that lawmakers would return to the property-tax issue in their next session because "it is essential that we provide tax cuts as we move forward with plans to improve education and transportation.

"As a matter of fairness - and of balance - it must be addressed," he added.

The governor said he came to this year's legislative session with an ambitious agenda that set the "high water mark" for what could be accomplished. He complimented the Legislature for the work it did in exceeding expectations and pointed to new legislation that:

- * Creates a new teacher-testing system and a teachers' professional standards board to help ensure qualified professionals work with children.
- * Establishes a Patients' Bill of Rights, which gives patients and their doctors more control over health care.
- * Creates new pipeline safety rules that will better protect the public from underground fuel pipeline accidents.
- * Helps prevent vulnerable adults from becoming victims and cracks down on abusers.
- * Speeds economic development by bringing advanced telecommunications systems to rural areas.
- * Significantly cuts unemployment-insurance taxes for Washington employers while providing millions of dollars more to help laid-off workers train for the new economy.

"The 2000 legislative session was tough; it was hard, and yes, it was rancorous," Locke said. "But as we stand here today, we have much to show for it. The Legislature can go home proud of the work it has done. And for that, it's our citizens of our state who are the winners."

WSCFC annual meeting program

The 2000 WSCFC annual meeting will be held in conjunction with the regional CoBank Customer meeting and the National Society of Accountants for Cooperatives-Pacific Northwest Chapter meeting on Thursday, May 25, 2000, at Cavanaugh's Inn at the Park, Spokane. The WSCFC meeting schedule is as follows:

- 12:30 p.m. *Registration*
- 1:00 p.m. *Don Franklin, Miller-Nash – Legal Update*
- 2:00 p.m. *Rep. Gary Chandler, Co-hair, House Agriculture and Ecology Committee – Political Issues Facing Agriculture*
- 3:00 p.m. *Break*
- 3:15 p.m. *Co-op Hall of Fame Awards*
- 3:30 p.m. *Dr. Ken Duft, Washington State University – Cooperative Research*
- 4:30 p.m. *WSCFC Annual Meeting*
- 5:00 p.m. *WSCFC Board Meeting*
- 6:00 p.m. *WSCFC – NSAC Social*

Dues Deductibility – Reminder

Given 1993 tax law changes, your cooperative's dues to the Council are no longer 100 percent deductible as a business expense. That amount of trade association dues attributed to lobbying is not deductible, while the remainder of your dues continue to be deductible.

Following discussion with our auditor and careful consideration of the new law, we have estimated the percent of dues income devoted to lobbying activities to be percent. 30

Consequently, 70 percent of your 1999 dues may be deductible for federal income tax purposes.

Glickman increases conservation reserve payments

USDA Secretary Dan Glickman has announced that landowners can receive more money for participation in the Conservation Reserve Program (CRP) continuous signup. The new proposal provides new financial incentives totaling \$350 million in the next three years, including signing bonuses and more money for installing and maintaining conservation practices.

The CRP encourages farmers to convert highly erodible cropland or other environmentally sensitive acreage to vegetative cover such as tame or native grasses, wildlife plantings, trees, filter strips, or riparian buffers. Farmers receive an annual rental payment for the term of a multi-year contract. The continuous signup program allows producers to enroll land at anytime, without waiting for a signup period or competing against other offers. The new rules and updated payment rates include: (1) An up-front signing bonus of \$10 per acre for every year of the contract (this amounts to \$100 to \$150 per acre at the start of the contract to help defray up-front installation costs for most practices); (2) A payment equal to 40 percent of the practice installation cost, in addition to the 50 percent cost-share paid by USDA for certain practices; (3) Increases in maintenance rate incentives for certain practices involving tree planting, fencing, or water development. Between \$2 to \$5 per acre may be added to existing maintenance rate incentives; and (4) Updated marginal pastureland rental rates to better reflect the market value of these lands.

Glickman said the initiative would mean more cash in farmer's pockets, persuade more landowners to participate in the program, and protect more environmentally sensitive lands along rivers, streams, and wetlands. Producers will be able to make offers at their local USDA Service Center beginning May 1, 2000. (From National Association of State Directors of Agriculture News)

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1999-2000 Officers

The Washington State Council of Farmer Cooperatives is a trade association representing agricultural cooperatives. The council's primary goals are to represent its members before the legislature and agencies of government and to provide cooperative education for its members.

Capital Notes is produced by the Council to inform its members about issues of interest to cooperatives.

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