

WASHINGTON STATE POTATO COMMISSION REPORT

by
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FEDERAL ISSUES

1. Food Quality Protection Act

a. Overview

- FQPA was enacted in 1996 and repealed Delaney Clause for pesticide residues.
- Pesticide tolerances will be evaluated under new criteria:
 - * Aggregate exposure (risk cup) - dietary + residential, lawn and garden.
 - * Cumulative effects - common mechanism of toxicity or the combined effects of chemicals with similar active ingredients.
 - * Sensitivities of major subgroups - an additional 10 fold safety factor may be divided into tolerances of food commodities consumed by infants and children. As children eat a lot of French fries, potatoes will be impacted.
 - * Estrogenic Effects
- All existing tolerances must be reviewed under new criteria within 10 years.
 - * EPA will review tolerances for organophosphates and carbamates first.
 - * Chemical tolerances used on Potatoes that may be reviewed first under new criteria:
 - + Monitor (insecticide), Sencor (herbicide), Diquat (desiccant), Mancozeb (fungicide), Furadan (insecticide), Temik (insecticide), Dyfonate (insecticide), Thimet (insecticide), Rovral (fungicide), & Vapam (fumigant).

b. FQPA Impact on Section 18 process, additional requirements.

- Will require time limited tolerances for Section 18's
- Data on levels of pesticide in drinking water
- Data on residential use of a chemical
- Common Mode of Action with other pesticides
- WSPC has requested Section 18's for 4 fungicides in 1997:

* Tattoo C	* Curzate M-8, Manex C-8
* Acrobat MZ	* Maxim
- * The Section 18 requests have been submitted earlier than normal to give WSDA and registrants an adequate amount of lead time to meet the additional requirements of FQPA.

c. The Washington State Potato Commission is carefully monitoring implementation of the FQPA by EPA.

2. Alternative Minimum Tax - accrual basis of taxation; IRS has been trying to tax farmers in year of sale for commodities where payment is not received until the following year.

- a. 1986 Tax Reform Act did not specifically exempt farmers from Alternative Minimum Tax.
- b. Nearly a decade after 1986 Tax Reform Act became law, IRS decided to include growers under AMT.
- c. Legislation has been introduced in both the House and Senate to amend the IRS code so that AMT does not apply to farmers' installment sales.

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- d. As a result of the large amount of congressional support for this legislation, IRS has temporarily suspended activities relating to taxing farmers on income yet to be received.
- 3. Endangered Species Act
 - a. Possible revisions during 105th Congress.
 - There will be a push for Endangered Species Act Reform which balances economic impacts (to the government, business, and consumers as well as the rights of private property owners) with environmental considerations.
 - b. Upcoming endangered species listings - several listings may occur later this spring for salmon on the Columbia and Snake Rivers.
- 4. Research Funding - WSPC is working to increase USDA funding for research for the Potato Industry.
- 5. Promotion Funding - WSPC is working to continue Market Access Promotion Program (MAPP) funding for the Potato Industry.

STATE ISSUES

- 1. Support for Minor Crop Pesticide Availability
 - a. Carry forward the \$1 million per biennium support for the Commission on Pesticide Registration.
 - b. Support increasing pesticide product registration and applicator license fees to provide additional Pesticide Management Division staff at WSDA to process increased emergency pesticide registrations generated by Pesticide Registration Commission activities and the new Federal Food Quality Protection Act requirements.
- 2. Support the integrity of existing water rights and promote continued access to the resource of all beneficial uses
 - a. Facilitate water transfers that recognize and protect existing water rights and rely on local control and management (HB 1113 and HB 1272)
 - b. Ensure future water supply for agricultural, municipal, industrial, and instream needs through additional storage and locally controlled water resource planning.
 - c. Using the existing resources to the State's Conservation Districts to institute a program of voluntary best management practices to protect and enhance the groundwater resources of the Columbia Basin (Groundwater Management Area).
- 3. Support equitable unemployment compensation reform for all growers
 - a. Coalition of full-time year round employers believe that seasonal employers are not paying their fair share of UI premiums. They claim that seasonal worker unemployment benefits exceed what seasonal employers are paying into system.
 - b. The coalition of full-time year round employers are proposing that the top rate cap for seasonal employers be raised from 5.4% to approximately 8.5%, a 60 percent increase.
 - c. A recent unemployment survey of the potato industry conducted by the Potato Commission shows that about 75% potato growers are in the top UI rates classes and would be adversely impacted by this proposal.
 - d. Unemployment compensation system cost issues must be addressed through overall reform of the system, not through rate increases that shift costs from group of employers to another.
- 4. Support statutory definition of IPM
 - a. Formally recognize long standing agricultural use of IPM practices by adopting a clear definition of IPM which includes allowing all crop protection tools, including pesticides, to be considered on an equal basis.
- 5. Support property tax reductions that are fair to agricultural land owners
 - a. Tax reduction plans that include B&O tax and property tax cuts should also include tax reductions for agricultural lands and businesses.