



March 2018 Newsletter

In This Issue:

- Congressional tax staffs finalizing legislative language to resolve Section 199A tax issue
- Grain Grading Schools Planned
- Leadership Development Program Being Rescheduled for March 22
- Fortunate Timing Around a March Blizzard Results in a Successful Annual Convention and Industry Trade Show
- The 2018 MGFA Community Service Award Recipient is Philip Deal, Wheaton-Dumont Co-op Elevator
- MGFA Delegates Elect Candidate(s) for the MGFA Board of Directors
- Welcome to the Newest Member of the Association – Meadowland Farmers Co-op
- Legislation On Our Radar
- Applications Being Accepted for the 2018 MGFA Scholarship Program
- Please Submit Your Member News for the Spring Edition of the MGFA Member Magazine
- MGFA Asks Members to Consider Placing Your Grain Bonds Through the Association

Congressional tax staffs finalizing legislative language to resolve Section 199A tax issue

By: Randy Gordon, President, National Grain and Feed Association

Congressional tax staff members last week were in the process of finalizing the draft legislative language designed to resolve the Section 199A tax issue, with the intent of including it in the fiscal year 2018 omnibus spending bill that Congress is scheduled to consider on March 23. It is believed the legislation will be retroactive to Jan. 1, the start of the 2018 tax year. The omnibus spending package must be passed by Congress by March 23 to avoid a shutdown of federal government activities.

The crafting of specific legislative language, comes after more than two months of consultation and intensive analysis with tax experts representing National Grain and Feed Association (NGFA) and the National

Council of Farmer Cooperatives. The effort now is being led by House Ways and Means Committee Chairman Kevin Brady, R-Texas, and Senate Finance Committee Chairman Orrin Hatch, R-Utah, with participation by the Congressional Joint Committee on Taxation. Several other congressional offices and their staff tax experts also are heavily involved, including those for Sens. John Thune, R-S.D., Pat Roberts, R-Kan., and Chuck Grassley, R-Iowa – each of whom serve on the Senate Finance Committee. Sens. John Hoeven, R-N.D., Mike Rounds, R-S.D., and others also are engaged.

Following weeks of meetings with NCFC, during which multiple concepts and drafts of potential legislative language were exchanged, the NGFA in mid-February had formed an eight-member working group of tax experts drawn from NGFA Executive Committee firms – half from cooperatives and half from private/independent firms. This NGFA working group has been instrumental in analyzing proposals and advising members of Congress and their staff on an equitable and balanced solution that is designed to achieve the two objectives that have remained consistent throughout the three months of intensive deliberations:

- Replicate to the greatest extent possible the tax benefits accorded to farmer-owned cooperatives and their farmer-patrons under the previous Section 199 of the tax code, as it existed prior to its repeal in the Tax Cuts and Jobs Act enacted on Dec. 23; and
- Restore the competitive landscape of the marketplace as it existed in December 2017 so that the tax code does not provide an incentive for farmers to do business with a company purely because it is organized as a cooperative or private/independent firm.

One challenge in this effort – which has contributed to the length of time it has taken to resolve – has been to restore Section 199 for agricultural and horticultural cooperatives within the construct of the new Section 199A found in the new tax law. At this writing, an element of the solution has been to reestablish the mechanism under which cooperatives may pass through a tax deduction to their farmer-patrons. Great care is being taken to fashion the calculation in such a way as to provide tax relief for farmers as envisioned in the tax-reform law, while maintaining the competitive balance in the marketplace as closely as possible in the new structure. The concept has been analyzed extensively by tax experts representing both NGFA and NCFC, as well as by congressional tax staff.

Grain Grading Schools Planned

The next series of grain grading schools, involving USDA licensed grain inspectors as instructors, are planned for **Tuesday, April 3** at Thumper Pond Resort, Ottertail (covering wheat, soybeans and corn) and **Thursday, April 5** at Jackpot Junction Casino Hotel, Morton (covering soybeans and corn). Each school will begin at 9:00 a.m. and the cost is \$90 for members and \$100 for non-members. For further details and to register, see enclosure.

Leadership Development Program Being Rescheduled for March 22

The MGFA is continuing to partner with the local leadership development firm IntRAtrain, to provide a leadership development program, however, due to some scheduling issues, the program has been pushed back to **Thursday, March 22**, at a meeting facility located on the Mystic Lake Casino Hotel campus. Information on the training program can be found at www.mgfa.org.

Over 40% of today's great leaders will retire in the next 5-7 years. Developing leaders now is the best way to prepare for this shift. This interactive, blended learning course is designed for employees who want to grow professionally to be great leaders. Ideal participants include current or emerging leaders in your company.

All leaders, managers, and supervisors who are accountable to maximize the efficiency and productivity of others will find value in this course. As a bonus, meeting participants will have the (future) opportunity to join

MGFA Executive Director Bob Zelenka for a “Day at the Capitol”, augmenting their leadership development by offering insight into the legislative and regulatory process that impacts our daily lives, both professionally and personally. The results of your company are only as good as the people in your company. Leaders are the principle shapers of an organizations culture and strategy. What leaders think, do and how they interact with others is critical to a company’s success.

Fortunate Timing Around a March Blizzard Results in a Successful Annual Convention and Industry Trade Show

The timing of this recent typical March blizzard could have been much worse if it would have hit a day later! In the end, we had over 500 industry and association members in attendance at the 111th Annual Convention and Industry Trade Show hosted by the Minnesota Grain and Feed Association. There were 16 speakers on the convention agenda, covering a wide range of pertinent industry topics and issues, from 199A to FSMA to ELD’s to the value of trade and a lot in between. The trade show featured over 80 exhibitors offering an array of industry specific products and services. The silent auction held in support of the MGFA Scholarship Program, offered a wide range of items, including gift cards, hotel packages, golf packages, Twins tickets and much more. We want to thank those who participated in the silent auction, which raised over \$3000 for the scholarship program. Next year, the 112th Annual Convention and Industry Trade Show will be held on March 4-6, 2019 at the Doubletree by Hilton, Bloomington. Hope to see you then!



Pictured: Former Viking Chad Greenway, Convention Keynote Presentation

The 2018 MGFA Community Service Award Recipient is Philip Deal, Wheaton-Dumont Co-op Elevator

The Minnesota Grain & Feed Association established the Kim Turner Community Service Award in 2008, to recognize a grain elevator or feed mill member of the association, for his or her strong leadership in and dedication and commitment to the community in which they reside.

Kim Turner was the General Manager of the Hallock Co-op Elevator Company and a member of the Minnesota Grain and Feed Association (MGFA) Board of Directors when he died of injuries sustained in an automobile accident on November 11, 2007. In honor of his memory, the Association chose Kim as the first recipient of the first MGFA Community Service Award. Kim set a very good example for someone deserving of recognition for his service to the community.

This year’s very deserving recipient of the MGFA Community Service award is Philip Deal, General Manager and CEO of the Wheaton-Dumont Co-op Elevator. Phil has been General Manager of WDCE since 2006. Prior to that, Phil served as the grain merchandiser for the co-op from 2001 to 2006.

Philip has given back countless hours to the various schools and kids in communities served by the co-op. He served as a Cub Scout leader, coached elementary and junior high basketball and youth football. He continues to volunteer his time with a variety of school projects and organizations. Philip is also a strong leader within his local church. He has taught Sunday school for 20 years, served on the Parish Council for 24 years and is a current member of the finance committee. He managed a \$1.5 million renovation of the church and currently serves as a Trustee. His leadership style and humility, combined with his integrity and commitment to ethics helps make him an incredible community leader, worthy of recognition by this

association. His selfless contributions and the relationships he has built will continue to serve the community for years to come. To view his entire community service biography, go to www.mgfa.org >About Us> MGFA Community Service Award. Congratulations Philip!

MGFA Delegates Elect Candidate(s) for the MGFA Board of Directors

The 111th Annual Meeting of the Minnesota Grain and Feed Association included the election of directors to the Board. This year, two current members of the Board were up for reelection and one current member chose not to run for reelection. The open seat was the District 1 (northwestern Minnesota) position held by Doug Derosier, CHS Erskine. James Hardy, GM at CHS Mahnommen was elected to fill the vacant position. The other positions expiring at the Annual Meeting were: District 4 currently held by Dave Estrem, farmer director on the CFS co-op board; and, District 2 currently held by John Plathe, farmer director on the Bellingham Farmers Co-op Elevator Company board. Both Dave and John were reelected to another 3 year term on the Board. Congratulations to all three and thank you for your service to the association!

The Board reorganization meeting involved the election of association officers. The MGFA Board officers for 2018 are: Dave Estrem, President; Bob Heim, Vice-President; Gordy Elliott, Secretary; and, Tom Traen, Treasurer. Congratulations and thank you again for your service!

Welcome to the Newest Member of the Association – Meadowland Farmers Co-op

The newest member of the association is actually a previous member that chose to return after a short hiatus. The Meadowland Farmers Co-op based in Lamberton and with multiple locations, is led by General Manager Mike Trosen. We thank Mike and the Board of the co-op for the added support of the MGFA mission.

Legislation On Our Radar

(HF 2717) was introduced by Rep. Swedzinski on the last day of the previous session (first year of the biennium). His bill would establish a **Grain credit contract indemnity program**. With it, bond amounts would increase for licensed grain buyers and a portion of the sale tax revenue derived from the sale of grain bins would be dedicated to this indemnity fund. The sales tax on grain bins would eventually be eliminated and replaced with a gross receipts tax established for grain bins and used, in part, to fund the indemnity payments. This bill is in response to the failure of the Porter Elevator a couple years ago and another one in South Dakota, which left some customers with contracts and various financial claims that went unfulfilled. The MGFA has worked against similar proposals in the past. Even with the unique funding source this time around versus having grain buyers pay into the fund, we still may find it difficult in finding any common ground when this issue comes up for debate, perhaps as soon as next week

Feeder Lien Legislative Initiative – The bill (HF 983, authored by Rep. Paul Anderson) was heard in the House Agriculture Committee but due to stiff opposition from the lender community, the bill was tabled and will likely not be revisited this session. Basically, the bill would have clarified language allowing for feed providers the ability to file a lien for the value of the feed and for that lien to have priority over other perfected liens. Currently, the only time a feed provider does have a priority lien is when its customer is in Farmer/Lender Mediation and that priority lasts for 45 days (Feeder Lien Statute, 514.966).

(HF 3441) Rep. Backer introduced a bill last week with the intent to clarify that fugitive grain dust emissions regulated by the MPCA would not apply to temporary grain storage facilities that use portable equipment for loading and unloading. A companion Senate version of the bill (**SF 3182**) is being authored by Senator Torrey Westrom. A hearing on both bills is scheduled for this Thursday morning and afternoon and MGFA will be testifying in support of the proposed legislation.

Applications Being Accepted for the 2018 MGFA Scholarship Program

Do you or an employee have a college-aged child who could use some financial support in their pursuit of a degree in agriculture? If so, your college student may be eligible to receive a scholarship through the MGFA's Commitment to Agriculture Scholarship Program. The MGFA is offering \$1,000 scholarships & is currently accepting applications for the 2018/19 school year for college students at either a 2-year or a 4-year college who have a minimum 2.75 GPA. Applicants must be the child of a current MGFA member elevator or feed mill employee who is in good standing with the Association. The student must be pursuing a degree in agriculture (preference will be given to those with a focus on agribusiness). The scholarship application is available on our website at www.mgfa.org > About Us > MGFA Scholarship Program or you can contact the MGFA office for more information. **The application deadline is April 20, 2018.**

Please Submit Your Member News for the Spring Edition of the MGFA Member Magazine

We are hoping to collect recent association member news for the 2018 Spring edition of the MGFA's *Mill & Elevator News* magazine. The semi-annual magazine dedicates a portion of its contents to member news and we need your help to complete the member news section. Some examples of the news we are interested in receiving include: any management changes, any new construction or expansion at your facility, an annual meeting summary and highlights, a milestone (years of service or a retirement), employee changes, etc. (photos welcome) **Please feel free to email your news to mgfa@usinternet.com or fax the office at 651-454-8312.**

We see real value in members sharing information and staying connected with other members through this member magazine. The idea is to provide some common ground for members to share achievements with one another. This industry is very unique, with a rich tradition that we strive to maintain, improve and promote. Your help in this endeavor is appreciated! **DEADLINE: March 30.**

MGFA Asks Members to Consider Placing Your Grain Bonds Through the Association

The Minnesota Grain and Feed Association, through its in-house (MGFA) insurance agency, has been providing grain warehouse, grain buyer and deferred payment (surety) bonds for country grain elevators for over 80 years. It is important to note that **100% of the agency commission is retained by the association and returned to MGFA members in the form of legislative and regulatory representation, timely industry information and pertinent industry education.** You are already paying a premium to some agent and underwriter somewhere so why not consider getting your Federal and/or State grain bonds through YOUR association!

We certainly appreciate the additional financial support this bond program provides for the (your) Association, especially in these times of continued consolidation. It is simple to separate your surety bond coverage from your other insurance coverages or to change agencies if necessary. In addition, bonds are continuous (in-force until cancelled) so they can be changed at any time during the license year. To receive a quote from us, simply contact the MGFA office at 651-454-8212 or e-mail us at info@mgfa.org. Thanks for the consideration of another (painless) way to support the Minnesota Grain and Feed Association!

STAY CONNECTED WITH US:

Visit our Website

