



January 2021 Newsletter

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Please note our new address & phone / fax numbers:

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Grain Advisory Group to Meet In February

The MDA-convened Grain Advisory Group will be holding a virtual meeting in early February. The group was created 3 years ago to bring together stakeholders to discuss potential changes to be made to the grain buyers law after a few high profile elevator failures.

At the upcoming meeting, participants will be discussing how the 2020 legislative changes to financial reporting, inspections and licensing requirements have impacted elevators in Minnesota. *If MGFA members have comments or feedback regarding the changes they would like shared with the group, please contact Laura Lemke, MGFA Executive Director, as soon as possible.*

The group will also be discussing two additional issues:

- potential MN Grain Licensing Program fee increases, and

- how current state licensing laws apply to farmer direct marketing (i.e. IndigoAg) and if the law needs to change to account for these decentralized grain marketing transactions.

If MGFA members have concerns about these two issues, please contact the MGFA office.

Job Opportunity

All American Co-op in Stewartville has a job opening for a grain department manager.

The grain department manager is responsible for the origination, purchase, storage, handling, marketing and accounting of all grain transactions in a manner that will optimize the cooperative's market share and savings, improve the cooperative's efficiency, help achieve the cooperative's mission and goals, and result in outstanding customer service. This position will supervise operations and staff for the multi-site grain department.

To view the full job description go to www.allamericancoop.com/employment-opportunities/.

Any questions regarding the position or submission of resumes and cover letters should be directed to Glenn Lutteke, General Manager, All American Co-op at glutteke@allamericancoop.com.

Member News

Welcome to New MGFA Member – Bushel

We would like to welcome Bushel as our newest addition to the MGFA membership. Bushel is a software platform based in Fargo, ND whose vision is to connect & enhance the grain industry through digital infrastructure. The company, which was started in 2011 under the name Myriad Mobile, has evolved over the last decade to become the grain industry's first automated software platform providing scale tickets, contracts, cash bids and more. To learn more about Bushel, go to www.bushelpowered.com. We appreciate your membership support!



Membership Renewals

Thank you to everyone who has renewed your MGFA membership for 2021. Another dues reminder was sent out last week to those who haven't yet renewed. We would appreciate receiving your dues by the end of January if possible. Please remember we have moved and our new address is: 1407 1st St. NE, New Prague, MN 56071.

Anniversary Accolades for VAA's Bernie Jansen on 35 Years

Former Partner and Senior Project Manager Bernie Jansen is celebrating 35 years at VAA! Respected and admired by clients and coworkers alike, to say Bernie has played an integral role in the growth of VAA is an understatement.

Bernie always possessed a natural curiosity about how things were built. Having discovered drafting in high school, he graduated from Dunwoody College of Technology with a degree in Building Construction – Drafting and Estimating. He then spent six years at a construction company planning and constructing industrial facilities and gaining firsthand experience in slipform construction. Bernie's knowledge of slipform silos and high-rise building cores



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augmented VAA's familiarity with this construction method, helping to create a niche used today for many of the firm's facility designs.

When Bernie joined VAA in the spring of 1985, the company was made up of two small firms: Van Sickle Allen and Associates, and Grain Facility Design. Bernie started out providing structural drafting for commercial building projects under the direction of cofounder Chuck Allen, migrating back and forth between the two companies as needed.

It wasn't long before he was taking on new responsibilities. At a time when drawings were still being done with pencils and the web wasn't yet worldwide, Bernie spearheaded VAA's adoption of computer-aided design. "Our first CAD machine was very expensive and quite large," Bernie remembers. He also managed the firm's IT functions at this time.

As fax machines and pencils were abandoned for email and 3D design, Bernie's role continued to expand. He managed all aspects of VAA's projects, from designing process flows and refining concepts to producing contract documents and coordinating construction. His integral role in company operations led to becoming a partner in the firm.

Bernie also played a key role in growing VAA's agribusiness sector, working alongside Gene Haldorson, cofounder Dick Van Sickle, and others. Having backgrounds in construction, Bernie and Gene in particular both had a deep understanding of the needs specific to construction companies and were able to leverage this knowledge to forge many new relationships. "If we did good work for a client, we were not shy about asking them to help us find more opportunities," Bernie revealed about expanding VAA's client base.

While his understanding of engineering, material handling, and construction is wide and deep, it's Bernie's talent for cultivating and maintaining lasting client relationships that is a hallmark of his reputation. CEO Jeff Schrock is proud to call Bernie a mentor, partner, and friend. "His genuine desire to build relationships and help people is evident in his actions. The care he brings to his client relationships has paved an incredibly successful career and bolstered VAA's business."

Although Bernie greatly enjoys seeing projects progress from an idea to a built environment, what he relishes most about his work are the challenges that have pushed him to break unfamiliar ground, create a fresh process, or utilize new technology. "Bernie has a remarkable ability to adapt to change and innovate," says Brian Utoft, PE, Partner and Senior Process Engineer, who has worked closely with and been mentored by Bernie. "He's not only been instrumental in introducing VAA to new clients over the years but also expanding the types of projects VAA pursues."

Bernie appreciates time spent with family, outdoor activities, and working with his hands. His hands-on approach extends to VAA's staff, many of whom he has managed and mentored during his tenure to help advance their own skills and talents. His desire to help both his colleagues and the firm succeed combined with his ability to foster thriving client relationships has helped VAA evolve into the company it is today.

Congratulations to Bernie on 35 meaningful years at VAA! Highly regarded as one of the most knowledgeable and experienced members of the firm, Bernie helped VAA's founders make the mold, break it, and reengineer a better one.

FGIS Increases Inspection and Weighing Fees

The U.S. Department of Agriculture's Federal Grain Inspection Service (FGIS) announced a 5 percent increase in inspection and weighing service fees effective Jan. 1, 2021.

The U.S. Grain Standards Act (USGSA) provides FGIS with the authority to charge and collect reasonable fees to cover the cost of performing official services. In 2015, the Agriculture Reauthorizations Act of 2015 amended the USGSA to require that FGIS adjust annually the export official grain inspection and weighing fees based upon whether its operating reserve exceeds or is less National Grain and Feed Association 9 Return to contents January 15, 2020 than 4.5 months of operating expenses. FGIS's current operating

reserve is below 4.5 months of operating expenses by more than \$3 million.

As required by the law, FGIS also reviewed national and local tonnage fees, which it adjusted to reflect fiscal year 2020 costs and a five-year average of export tons. The national tonnage fee is the national program administrative costs for the previous fiscal year divided by the average yearly million metric tons (mmt) of exported grain. For 2021 fees, the total amount of exported grain was almost 121 mmt (based upon the 2016-2020 five-year rolling average). In 2020, the five-year rolling average was 123 mmt.

While the national tonnage has decreased, the local tonnage fees have both increased and decreased under the 2015 law. According to agency data, the 2021 national tonnage fee is 15 percent less than in 2020, but several of the local tonnage fees have increased. In comparison, the base fee decreased by 14 percent in 2020. As a result of the base fee decrease, the local New Orleans, La., tonnage fee will decrease by \$.004 for 2021. Meanwhile, the League City, Texas, fees will decrease by \$.013, the Toledo, Ohio, local tonnage fees will increase by \$.022, and the Portland, Ore. local fee will increase by \$.007.

The NGFA continually urges FGIS to bring its field office expenses, and resultant fees, in line with those of official agencies that provide inspection and weighing services. The Association continues to encourage the FGIS to redouble efforts to control its administrative costs.

Source: NGFA Newsletter

Treasury Department, IRS Issues Final Rule on Section 199A Tax Provision

The U.S. Treasury Department and Internal Revenue Service on Jan. 14 unveiled a long-awaited and much-discussed final rule to implement elements of Section 199A of the Tax Cuts and Jobs Act of 2017 that will govern how cooperatives calculate their 199A tax deduction.

First proposed in June 2019, this set of regulations has been subject to extensive review and discussion by Treasury, the IRS, the White House Office of Management and Budget and the tax-writing committees of Congress prior to release of the final version, which will be formally published in the Federal Register on Jan. 19, with an implementation date of Jan. 14. The NGFA submitted formal comments regarding the rulemaking to the agencies in a letter on Jan. 22, 2020.

The most controversial part of the final rule revolves around the issue of whether cooperatives can include non-patronage income when calculating their 199A tax deduction, part or all of which then can be passed-through to producer patrons, or whether only income from patronage activities of the cooperative can be included in the deduction. In the final rule, Treasury and IRS generally adopt the latter position, saying that only total gross receipts from cooperatives' business activities with their patrons can be utilized in the calculation of domestic production gross receipts that then is used to calculate the deduction at the cooperative level.

One exception to that position is contained in the rule: a cooperative with a de minimis level of non-patronage income of 10 percent or less of the co-op's total gross receipts will be allowed to include that non-patronage income in its deduction calculation. The 10 percent de minimis level is an increase from the 5 percent level initially proposed by the agencies in 2020.

As legislation to correct the so-called "grain glitch" was developed and as regulations to implement the fix were being written, the NGFA consistently has hewn to two principles: first, to 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, 2017; and second, to restore and preserve 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 solely because it is organized as a cooperative or private/independent firm.

Source: NGFA Newsletter

USDA 2020 Off-Farm Grain Storage Capacity & Facilities Report



Capacity of off-farm commercial grain storage in the United States totaled 11.8 billion bushels on December 1, 2020, up 1% from the December 1, 2019 total.

The largest increase occurred in Illinois where an additional 100.0 million bushels of capacity was added since December 1, 2019.

Other notable increases were shown in Kansas, where capacity increased 25.0 million bushels, and Nebraska and Wisconsin, which were both up 10.0 million bushels from 2019.

Illinois and Iowa remained the two largest off-farm storage capacity States during 2020 with 1.60 billion and 1.52 billion bushels respectively.

Kansas was the third largest followed by Nebraska and Minnesota.

These five States accounted for 52 percent of the Nation's off-farm storage capacity on December 1, 2020.

Off-farm grain storage capacity includes all elevators, warehouses, terminals, merchant mills, other storage, and oilseed crushers which store whole grains, soybeans, canola, flaxseed, mustard seed, safflower, sunflower, rapeseed, Austrian winter peas, dry edible peas, lentils, and chickpeas/garbanzo beans.

Capacity data exclude facilities used to store only rice or peanuts, oilseed crushers processing only cottonseed or peanuts, tobacco warehouses, seed warehouses, and storage facilities that handle only dry edible beans, other than chickpeas/garbanzo beans.

Off-farm storage facilities totaled 8,263 on December 1, 2020, down 1 percent from the December 1, 2019 estimate.

States with the largest number of facilities include Iowa with 850, Illinois with 830, Kansas with 700, **Minnesota with 525**, and Nebraska with 490.

Source: Grain Journal

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