



Testimony

House Agriculture and Rural Affairs Committee  
Regarding Agricultural Conservation Funding and  
the PA Fair Share Plan for Clean Water

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Offered by  
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Good morning. I am Joel Rotz, State Governmental Relations Director for the Pennsylvania Farm Bureau. Thank you for allowing us the opportunity to testify today regarding the urgent need for substantial funding increases to assist production agriculture in meeting water quality mandates. Our farmers in the Chesapeake Bay watershed are currently facing the need to reduce nitrogen loadings in the watershed by 60 percent, Phosphorus by 70 percent and sediment by 75 percent. There is little doubt similar requirements will be soon to follow in other watersheds across the state. Pennsylvania Farm Bureau believes the PA Fair Share for Clean Water Plan contains the types of programs and funding levels that are needed over the course of the next five to seven years to adequately address the needs of agriculture for both funding new and existing programs, and establishing a viable nutrient trading program in meeting the water quality mandates the industry faces.

In 2003, DEP began developing the Chesapeake Bay Tributary Strategy. This state Tributary Strategy was required of all Bay states participating in the Chesapeake 2000 Agreement, to demonstrate how each would meet the newly established nutrient and sediment load allocations necessary to restore the Bay by 2010. Based on 2002 estimates, agriculture has been held responsible for contributing approximately 63% of the total Phosphorus, 49% of the total Nitrogen, and 72% of the sediment delivered from Pennsylvania waters into the Bay.

These numbers confound and frustrate many Pennsylvania farmers because Pennsylvania agriculture has a long history of working to achieve environmental improvements, both as required by regulation and on a voluntary basis. In 1993, Pennsylvania passed the Nutrient Management Act and became the first state to enact nutrient management laws for farms. Nearly 900 concentrated animal operations were required to develop and implement comprehensive nutrient management plans under the Act. What's more, nearly 1,200 farmers have stepped up to the plate and have voluntarily developed and implemented nutrient management plans for their operations in an effort to be more responsible stewards of the land.

In 2004, Pennsylvania revised both its Concentrated Animal Operation (CAO) and Concentrated Animal Feeding Operation (CAFO) regulations. These revisions have led to enhanced environmental protections on farmland. However, more often than not, these protections come with a high price tag for farmers. Pennsylvania is one of the first states to require farmers to use phosphorus indexing in writing nutrient management plans. While this approach is more protective of water quality than the alternative nitrogen indexing, it results in an additional layer of costs for the farmer.

In 2004, Governor Rendell signed into law the Commercial Manure Hauler and Broker Certification Act. This act requires all commercial haulers or brokers that transport, apply or broker manure to complete training and certification programs designed by the Pennsylvania Department of Agriculture. The Act also requires all certified haulers and brokers to maintain records of all manure brokered, transported or land applied, consistent with the Nutrient Management Act regulations.

In 2005, the ACRE law was established which substantially broadens state regulations beyond the federal level, and they encompass more farms and farm types, strengthening key water quality requirements. To protect water quality, ACRE requires CAFOs, CAOs and all farms importing CAFO or CAO manure to implement 100-foot setbacks or 35-foot vegetated buffers for manure application as well as requirements to ensure that nutrients applied do not exceed levels needed for the growing vegetation. In addition, the ACRE law requires new and expanding CAFOs and CAOs to implement odor best management practices.

These are just some examples of requirements that farmers face now that they did not face several years ago. With all these new regulations on agriculture, we are seriously concerned about the continually decreasing priority given in recent years' appropriations to help farmers meet their obligations for sound environmental management of their farm operations.

The overwhelming majority of farmers want to do the best job they can to maintain environmental quality on their farms. This is clearly shown by the fact that again some 1,200 farms are voluntarily complying with the state requirements and standards for nutrient management planning and implementation imposed on larger animal farms. It has also been shown more recently by Pennsylvania farmers' efforts to claim the entire \$10 million in tax credits for farm conservation practices under the REAP program made available for 2008 in the span of a few weeks, and for 2009, tax credits were allocated in a single day.

For many farm families, the problem is not that they don't know what needs to be done to make environmental improvements on their farms. The problem is having the technical and financial resources to implement the environmental improvements that are needed. Despite the expanded regulation of agriculture, fewer and fewer appropriation dollars are being committed each year in helping farmers help themselves in meeting their environmental challenges and goals. In particular, appropriations for nutrient management programs have not kept pace with the increased regulatory demands that have been placed on farms. And appropriations made for operations of conservation districts have been inadequate to say the least.

Conservation district officials perform a vital role in helping farmers develop and implement farming practices to improve environmental quality of farming operations in a practical and economical manner. They provide farmers with a credible and practical source in evaluating what needs to be done to solve environmental problems. They also provide farmers with needed guidance in achieving economic and environmental goals.

However, personnel and resources in many conservation districts have been spread thin for a number of years. These resources have been spread even thinner by the increased demands that local farmers have made upon conservation districts in response to the increased regulatory demands placed on agriculture. Regardless, appropriation levels for conservation districts that need to be increased have continued to be cut or flat. This just does not make sense.

The Department of Environmental Protection estimates the cost for agriculture to meet water quality goals in the Chesapeake Bay Watershed alone is \$600 million. Pennsylvania Farm Bureau supported significant funding for municipal authorities to upgrade sewage treatment plants in meeting water quality mandates as part of the Fair Share Coalition. However, we quite frankly feel agriculture has been left behind in funding assistance. We don't begrudge the fact that funding provided in recently passed legislation will greatly assist municipal authorities in upgrading sewage treatment plants and help limit the financial impact on sewage treatment ratepayers. Yet the financial impact on individual farmers in the bay watershed will be far greater than the estimated doubling or tripling of sewage rates on ratepayers that would have occurred without state assistance.

The Fair Share Coalition partners all understand water quality goals in the bay region and across the state will not be met without expansion of best management practices on our farms to address sediment and nutrient reductions. That expansion will not occur without adequate funding of core programs in our state budget such as the nutrient management transfer fund and agricultural research and extension programs. Flat funding in these programs continues to put our farmers at a disadvantage in adopting proven technologies and discovering new methods to address our environmental challenges. Annual funding for the nutrient management transfer program needs to be increased from \$3.277 million to \$5 million annually, and Penn State extension and research lines need to be increased by at least \$3 million each to just begin to reclaim the financial resource that have been lost in recent years.

A \$10 million increase for conservation districts is needed to begin to provide adequate technical support on our farms. Expanding the existing REAP tax credit program from \$10 million to \$35 million along with \$15 million for a direct 50 percent cost share program to incentivize farmers' implementation of needed best management practices is also essential and supported by the coalition. And finally, there is a great need to create a viable nutrient trading program that will leverage funds for best management practices on farms while saving taxpayer and sewage ratepayer dollars. The PA Builders' Association will further discuss nutrient trading with you today.

Thank you again for the opportunity to testify and to Chairman Hanna for your support and leadership on this issue as well as that of Republican Chairman Hershey and the support of the entire committee exhibited in the passage of HB 2656 this summer.

### Significant Nutrient Pollution Sources to the Chesapeake Bay

<i>Nitrogen Load (lbs/yr)</i>					
	Agriculture	Point	Urban/ Suburban	Forest	All Sources
1985	67,330,544	11,443,398	15,193,488	20,854,069	120,134,984
2007	49,392,636	12,872,790	13,655,696	22,333,224	103,876,572
Tributary Strategy goal	24,149,257	10,550,910	10,896,255	21,535,050	71,406,767
% Tributary Strategy goal reached	41.54%	-160.16%	35.79%	-217.21%	33.37%
<i>Phosphorus Load (lbs/yr)</i>					
1985	2,425,311	1,294,085	573,435	106,656	4,436,571
2007	2,077,706	782,129	506,396	118,179	3,526,334
Tributary Strategy goal	1,234,639	705,610	474,867	121,049	2,586,373
% Tributary Strategy goal reached	29.19%	87.00%	68.01%	-80.06%	49.20%