21st Annual Crawfish Boil on the Hill

I joined the NAICC in 2007 and attended my first annual meeting in Atlanta, GA, that year. Being new to the organization, I didn’t have the first clue what NAICC was or what they did. For me as a research consultant, it was a place to network with clients and colleagues and receive training for the trials we were conducting. After a few years, I became interested in serving on committees. I frequently saw references to the Crawfish Boil on the Hill and the committee responsible for it. I didn’t know exactly what the Crawfish Boil was or why the NAICC was involved, but it did seem like something I might be interested in.

The NAICC Executive Board recently returned from Washington, D.C., and the 21st annual Crawfish Boil on the Hill. Of the 40 years the NAICC has existed, the Executive Board has met in Washington every March for the past 25 years. Most of our membership have heard about it, but do you really know what goes into this trip and why we do it? We do it so that you and your customers can do what you do best – provide safe food and fiber to the nation. Without someone monitoring the laws and regulations that affect agriculture, our jobs would be much more difficult. While NAICC is small, our voice is respected in Washington.

To prepare, the Governmental Affairs Committee (GAC) identifies key topics during the annual meeting and forms position papers on these topics. Our key topics for this year’s Hill visits included: Worker Protection Standard (WPS), Bt refuge, Pesticide Registration Improvement Act (PRIA), and resistance management. Prior to the Hill visits, the Executive Board and Governmental Affairs Committee members review the position papers and organize agendas for the scheduled meetings with Congressmen, commodity groups, and regulatory agencies. After two days canvassing Capitol Hill, the NAICC Executive Board members, Governmental Affairs Committee members, the NAICC Leadership Program participants, NAICC Executive Vice President Allison Jones, and Legislative Assistant Glenn Luedke were host to nearly 300 attendees, including current and previous Congressmen, House and Senate staffers, IR-4 representatives, and many other friends from the agricultural community.

This was my fifth trip to Washington with the Executive Board, and I continue to be amazed every year at the relationships that can be built by a small organization such as ours. Because of our visits over the years, both EPA and USDA have contacted the NAICC headquarters numerous times for data, information, and clarification on issues relating to our members’ businesses. They reach out for a “boots on the ground” perspective. They respect our independence and realize the benefit to hearing many voices through one contact. The NAICC has a good reputation in DC and developed beneficial working partnerships with many of the organizations headquartered there.

Thanks to everyone who worked hard to make this year’s event possible, including our good friend Tim Ford with EarthScience Labs and his daughter, Megan. They not only cooked the delicious crawfish, etouffee, and red beans and rice, but also welcomed and entertained our guests. I also want to

Continued on page 2.
Personally thank our Sustaining Members who met with us to provide updates on what their companies are working with in Washington. Burleson Smith with BASF, Tom Tomanelli with Bayer, and Mike Seyfert from FMC are great allies and assisted us as we prepared for Hill visits.

So why do we spend our energy in DC? Because the NAICC has a voice and a talented pool of members who can make a difference in the laws and regulations that affect us and the industries we serve. If you would like to know more about the topics and discussion from our DC visit, please contact James Todd, Chair of the Governmental Affairs Committee.

Continued from page 1.
DEPARTMENT OF JUSTICE

Chemical and seed firms continue to face antitrust constraints. During a recent panel discussion, White House officials acknowledged that the DOJ would continue to take skeptical approaches to some of the current proposals under consideration, primarily in the ag chemical and seed areas. The panel stated that mergers and/or acquisitions are not good or bad. However, high concentration can mean reduced competition. On a positive note, the panel agreed that in some cases, consolidation can mean a strong boost in innovation. Innovation and research issues in recent years have drawn more attention because of the increasing importance of private sector research and development expenditures in relation to publicly funded activity.

FAA

Experienced UAV pilots have stepped forward in advising would be UAV pilots when applying to the FAA for a UAV pilot’s license. Recommendations include online tutorials. Cost can vary substantially. Books are available, but experts state guided lessons are more beneficial. Applicants can log onto the FAA website and find testing stations nearest them. Cost of the test is $150.00 and is identical no matter where administered. Once a license is obtained, it is good for two years when it has to be renewed. It is suggested licensees frequently check the FAA website for updates.

TAX REFORM

Farm organizations collectively continue to seek changes in taxing matters, including support for the Section 199 deduction (promotes the reinstating of the domestic production activities deduction). Several states want to be able to collect online sales taxes. In one state, there are nearly 200 online sales tax exemptions and only 35 are ag-related. Property tax reform is especially important in a state where the government is a large landowner and agriculture is very underrepresented and needs more opportunity to express impact. Reform proponents state the tax code should make it easier for farmers/ranchers to own their business and the federal tax code should not pick winners and losers.

FARM BILL

Many farm organizations continue to list their priorities for the next Farm Bill and primary issues are: support and protect crop insurance safety nets (seasoned Washington House/Senate members state the proposed cuts will never happen); maintain the current acreage for conservation programs and protect all working lands and support the Natural Resources Conservation Service stewardship programs.

The Plant Based Foods Association (PBFA) announced its first-ever Farm Bill platform. The group has stated that the popularity of plant-based foods is growing faster than traditional grocery items. Sales of plant-based foods increased over 8% in 2017. PBFA states that consumer interest in plant-based alternatives to meat and dairy products is strong and PBFA is encouraging the House/Senate Committees to consider agricultural policies to promote a more competitive marketplace. The organization’s proposal requests the following: Support specialty crops; Conduct research on the benefits of plant proteins; Support the addition of Nutrients of Concern Sources; Remove Anti-Competitive Policies (reform subsidy programs that would bridge the large competitive gap between commodities and specialty crops). The PBFA requests that farmers/ranchers be allowed to voluntarily participate in USDA check-off programs. In addition, PBFA supports the inclusion of the provisions of the Homegrown Organic Act (2017) and seeks modest changes to existing voluntary USDA conservation programs to assist producers who want to transition to organic.

The Administration’s proposal to overhaul the Supplemental Nutrition Assistance Program (SNAP) originated with the USDA. Under the proposal, one-half of SNAP benefits would be provided through packages of processed foods, including shelf-stable milk, peanut butter and canned vegetables and meat. The proposal is facing strong resistance and the opposition considers the idea a “cruel joke”. The House Ag Committee has again requested that the House Budget Committee offer the committee the flexibility to craft a budget neutral Farm Bill. The House Ag Committee Chairman plans to release a draft of the bill soon and hopes to receive a vote before the end of March. This, it is said, would leave plenty of time to work out any differences with the Senate version of the bill and ensure new legislation would be finalized before the Farm Bill expires at the end of September.

LABOR

Numerous farm organizations continue to express their support of the House Judiciary Chairman’s proposed AG Act. Details continue to be worked on and a major concern is how to provide greater assurances on how the AG Act would affect the existing workforce. Farm organizations support providing these workers the opportunity to earn permanent legal status. Several state groups are not totally in agreement with the AG Act, stating that the Act helps dairy and nursery owners, for example, and creates a better competitive wage rate and eliminates the transportation and housing provisions. The “touchback provision” (this provision would require workers to touch back to their country of origin prior

Continued on page 4.
The basic herbicide resistance mechanisms can be catalogued which are in America. Worldwide there are 35 species with confirmed resistance, 16 of the spread was then rapid through the States. The first European 2000 the first case was confirmed on mares tail in Delaware and (phenylalanine, tyrosine, and tryptophan). In 1996 the first case plants for the biosynthesis of folates and aromatic amino acids route used by bacteria, fungi, algae, some protozoan parasites and the plants from making certain proteins that are needed for plant will kill most plants. In reality what does it actually do? It prevents the finalizing yet. The more cynical side of me would say, that the rules a 65.7% majority! All is not clear yet and the rates and uses need surprise Germany came off the fence and voted in favour giving attempt a five-year approval was submitted and to everyone’s unbelievable this only received votes totaling 35%. In a last gasp vote had to receive a 65% qualified majority of the population. The 27th November was the day that glyphosate received its approval for another 5 years in the European Union. To pass, the application was re-submitted for a 10-year approval unbelievably this only received votes totaling 35%. In a last gasp attempt a five-year approval was submitted and to everyone's surprise Germany came off the fence and voted in favour giving a 65.7% majority! All is not clear yet and the rates and uses need finalizing yet. The more cynical side of me would say, that the rules will include statements like you can only apply glyphosate on the third Thursday of the month when it coincides with a full moon!' As we are all aware Glyphosate is a non-selective herbicide, meaning it will kill most plants. In reality what does it actually do? It prevents the plants from making certain proteins that are needed for plant growth. Glyphosate stops a specific enzyme pathway, the shikimic acid pathway. The shikimate pathway is a seven-step metabolic route used by bacteria, fungi, algae, some protozoan parasites and plants for the biosynthesis of folates and aromatic amino acids (phenylalanine, tyrosine, and tryptophan). In 1996 the first case of resistance was found in Ridgid Ryegrass in Australia. In fact, in 2000 the first case was confirmed on mares tail in Delaware and the spread was then rapid through the States. The first European resistance was found in Conzya in Spanish Olive groves in 2004. Worldwide there are 35 species with confirmed resistance, 16 of which are in America. The basic herbicide resistance mechanisms can be catalogued as follows: (1) target-site resistance, typically represented by amino acid substitutions that affect herbicide interactions at the target enzyme; (2) metabolism, a chemical modification of the herbicide either by conjugation or degradation; (3) exclusion of the herbicide from the target, either physically with enhanced cuticular and other structural barriers or physiologically with active transporters, sometimes called a reflex pump. From what is currently known about the plants resistance mechanisms, they now exceed those described for any other herbicide. Mechanisms include target-site mutation, target-site gene duplication, active vacuole sequestration, limited cellular uptake and a rapid necrosis response. Notably, glyphosate resistance is generally lower in magnitude and less frequently involves target-site and metabolic mechanisms than in the case of herbicides that inhibit acetolactate synthase (ALS) or acetyl-CoA carboxylase (ACCase). EPA to complete a thorough assessment and ensure that any cases faulty analysis. In the long run, the letter states uncertainty may cause manufacturing companies delay or avoid introducing new products to the marketplace and depriving growers and pesticide users the benefits of these products. America’s Pollinators Act further state that this Act will protect the health of pollinators and the food system until the EPA determines the risks associated with neonicotinoids.

Neonicotinoids: EPA has extended the comment period for the risk assessments of this insecticide group to April 20, 2018. EPA stated the extension gives the public the opportunity to comment on the preliminary ecological and human health assessments. The final pollinator risk assessments are due to be released later this year.

Pesticide Registration: Groups representing production agriculture, forestry, public health, homeowners, landscape/golf course professionals along with many others filed a letter with members of the House/Senate outlining their frustrations regarding long running conflicts between federal agencies relating to the registration of pesticides. The letter contends that the duplication of efforts is a huge waste of taxpayer dollars and the Government has faced legal challenges due to the delay, or in some cases faulty analysis. In the long run, the letter states uncertainty may cause manufacturing companies delay or avoid introducing new products to the marketplace and depriving growers and pesticide users the benefits of these products.
We have become use to products that gave us 90%+ control of weeds and no other treatment required, now we are lucky to get 60% from the GMO technology and we have to apply multiple stacked pesticides to ensure the crop survives.

So, what does the future hold for post resistance world agriculture? Genetically Modified Organisms (GMO) is part of the portfolio of tools we will require to feed the world. Unfortunately, the early years of GMO development, where companies believed this technology had every answer, has meant we have lost 10 years of chemical development and we will have a time lag before new actives become available. The new world order however will bring even more developments Crispr gene editing and RNA gene silencing, will sit alongside conventional breeding and the development of pesticides that are more targeted and environmentally benign. Exciting times.

A Note from Allen Scobie:

From the first time that Neil Miller called me in November 2002 and asked me if I would talk at the NAICC meeting and then when I met Al Averitt at the AICC Annual Conference in England in January 2003, I knew that we were destined to be locked together in friendship forever. Al was a great ambassador for NAICC and was probably never truly recognised for his role in making the bond between NAICC and AICC happen so well. It is probably because Al is such a naturally great communicator/facilitator/friendship maker that everything just seemed to happen without any fuss or ceremony but it did and we are where we are.

It was such a proud moment for me when NAICC honoured Patrick Stephenson with his award at the Presidents Luncheon. Normally Patrick is hot off the cuff to make a speech but I knew that he was all choked up and unable to express his great pride and gratitude at such an award. I am so pleased for him and I am so pleased that what we all started 15 years ago is growing in stature with IOC (Bob Glodt’s idea I think) and GAIAC (founded out of the NAICC/AICC friendship).

I know that when I was made an Honorary Member of NAICC it was the greatest accolade for me and I still have the award certificate on my wall and I still record it in any Biog or CV I ever put together that I am an Honorary member of NAICC with immense pride and appreciation. I am sometimes ashamed that I could not arrange for a reciprocal award for Al Averitt but, within the confines of AICC rules I do not think that it would have been possible.
The Tax Cuts And Jobs Act Passed December 22, 2017

By: Mary-Karen Wittman, Senior Tax Manager at AgriSolutions (information is as of December 3, 2017)

On December 22, 2017, the President signed the Tax Cuts and Jobs Act. This is the largest tax reform law in thirty years, one that will make fundamental changes in the way you, your family and your business calculate your federal income tax bill, and the amount of federal tax you will pay. There were many changes that impact agriculture business directly outlined below. Most of the changes impacting individuals will go into effect on your 2018 tax return and will last until your 2025 return. Most of the changes impacting C-corporations and other business are permanent. Below are some of the key items that may impact your personal returns and your business.

This is the largest tax reform law in thirty years.

Lower tax rates.

The Tax Cuts and Jobs Act reduced tax rates for many taxpayers, effective for the 2018 tax year. Additionally, many businesses, including those operated as pass-through, such as partnerships, may see their tax bills cut. Below are examples of the new rates for Married Filing Jointly taxpayers.

<table>
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<th>Capital Gains and AMT.</th>
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<td>The capital gains and dividends tax rates will remain at 0%, 15% and 20%. However, the rates will now be applied based on your income level instead of your tax bracket. Most taxpayers will not see a significant impact from this change. The Alternative minimum tax will apply to fewer individuals.</td>
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The Standard Deduction and Personal Exemptions.

The standard deduction will almost double from about $12,700 to $24,000. The personal exemptions have been repealed. This means the $4,040 you received for each person listed on your return including yourself, your spouse and your dependents will no longer be available.

The Child Tax Credit.

If you claim a dependent who is younger than 17, you may be eligible for a $2,000 child tax credit. This credit doubled from 2017. A new credit of $500 is now available for dependents who are ineligible for the child tax credit. This new credit also applies if you claim a dependent who is elderly or disabled. If the child tax credit results in a refund, you can receive up to $1,400 in cash back from the IRS.

NEW Pass-Through Income Deduction.

There is a new deduction for pass-through income. This deduction is equal to 20% of your business income. This is available for income from sole proprietors (schedule C or F income), S-corporations, partnerships, and LLCs. This is not available for investment related income. The deduction is limited to 50% of the wages paid by the business.

Section 529 and ABLE Plans.

Section 529 educational savings accounts can now be used for elementary or secondary public, private and religious school tuition. You can use $10,000 per student annually. There is no change to the use of 529 plans for college students. ABLE accounts are accounts for individuals with disabilities. In 2017 we could contribute $14,000 annually. Starting in 2018, we can contribute $14,000 plus an additional amount determined by your income.

Itemized Deductions.

There were numerous changes to itemized deductions. Miscellaneous itemized deductions are no longer available. These deductions include unreimbursed employee expenses, investment fees, hobby expenses, professional fees and safe deposit box fees. The mortgage interest deduction will be reduced if your home mortgage is more than $1 million. Interest on home equity loans is no longer deductible. The state and local income, sales and property tax deduction will be limited to $10,000. This does not apply to business related taxes. Theft and casualty losses will only be deductible for losses claimed from presidential declared disasters. Moving expenses incurred when changing jobs will not be deductible (excludes military). However, you may receive a larger deduction for medical expenses in 2017 and 2018. The charitable contribution limit will increase from 50% of your Adjusted Gross Income to 60%. We can include certain other costs in gambling losses versus only the wager cost as in the past.

Alimony.

Alimony payments will become nondeductible and alimony received will not be taxable.

Healthcare Penalty.

The Healthcare penalty will be removed after 2018.

Estate and GST Exemptions.

The lifetime Estate and Generation Skipping Taxes will increase from about $5M to $11M per person. This means a married couple will have a lifetime estate tax exemption of about $22M.

Roth Conversions and Loans from IRAs.

IRA owners can no longer undo their conversions from traditional IRAs to Roth IRAs and recover the income tax paid on the switch. If a loan for your retirement plan is not paid timely, the open loan balance is treated as a distribution. The new law allows the owner to roll distribution into a new qualified retirement plan.

C-Corporation Tax Rate, AMT, Accounting Method and UNICAP.

There are also many changes for businesses. The C-corporation tax rate will change from a graduated tax rate ranging from 15% to 35% to a flat rate of 21%. The Alternative Minimum Tax will no longer apply to C-corporations. The cash method of accounting can be used for businesses with gross receipts less than $25M. Businesses with gross receipts less than $25M will not be required to capitalize inventory.
NEW Credit for Family and Medical Leave.

There is a new credit for Family and Medical Leave pay. If employees are paid 50% of their wages while on leave, the employer receives a 12.5% credit for the wages paid. This credit increases if the employer pays more than 50% of the employee’s wages.

Depreciation.

The depreciation rules changed significantly. Under the new rules, 100% of certain assets will be deductible in the year they are placed in service. This includes certain new and used assets. The section 179 deduction increased from $510,000 to $1M. Farm property is now depreciated faster and farming assets previously depreciated in 7 years will be depreciated in 5 years.

Interest Expense and Dividend Received Deduction.

The interest expense deduction will be limited to 30% of Taxable Income. Farming business can elect out of this limitation. The Dividends Received Deduction was reduced from 80% to 65%.

Net Operating Losses.

Starting in 2018, the annual Net Operating Loss deduction will be limited to 80% of Taxable Income. There will be no carryback of losses to prior tax years. The carryforward will never expire. Farmers will have the ability to carryback losses 2 years. Farming losses incurred each year cannot exceed $500k for married filing jointly taxpayers.

Keeping it Together

By: Torrance Lee
Chair, NAICC Newsletter Committee

Last year has been a wild ride for many of us. From seemingly impossible deadlines to venturing to Wisconsin for a last minute get together, it has certainly been a year of many ups and downs. Through it all, it is the love of family that kept me grounded and sane. It is also through my dedicated colleagues, such as you, that kept me motivated to push the boundaries so I may achieve more.

Earlier this year, we lost our family dog through cancer. Cooper is a loyal, independent and wonderful dog. It was hard to digest the news when we first found out that he had been diagnosed with bone cancer. My wife took it especially hard as she was very close to him. It was at that moment when I realized that I had taken my family for granted.

Even though we were looking forward to our trip to the Pacific Northwest, it just did not feel right to go there without Cooper. So, we decided to cancel our trip and organize another one where we can include him. So instead of heading north, we ventured to Southern California. We found hotels that allowed pets to stay. We also took him out on our day excursions on a few occasions. Even though we have been to San Diego many times, this trip was especially memorable, enjoyable, and meaningful. I know Cooper certainly enjoyed this trip. The last two months with Cooper was especially heart breaking. As his condition continued to deteriorate, it became increasingly painful to watch him. Through the grief of having to euthanize him, I realized it was important to keep it together and be the support that my family needs me to be.

While Cooper will always be in our hearts, an opportunity opened up in November for us to adopt another dog. We drove to meet the foster parents to meet Archie. Upon ringing the doorbell, we can hear him sniffing at the bottom of the door. When the door opened, he gave us a great big doggie hug. From that moment, we were hooked! We adopted him and he is now spending his days seeking endless belly rubs. Although we were mourning Cooper, we held it together, so we might be able to adopt another dog seeking a permanent home. Whether in our personal or our professional lives, it is easier to melt away in self-doubt and fear or grief and sorrow rather than holding on and persevere. You will never know what new wonderful opportunity that can arise from holding on.

At work, 2017 has been a year of seemingly endless string of difficult deadlines. Although the company provided additional resources, it was by sheer grit and long hours that allowed me to deliver. I was not doing it for glory or for future promotion; I was doing it because when I commit to something, I lay it all down on the table. I lay it down on the account of faith.

I am in the Ag profession because I believe in working for a transformative industry that addresses the world’s basic needs of food and clothing. Next time we feel like succumbing to a seemingly impossible challenge or event, remember to persist and endure this hardship. When we feel under appreciated or disrespected, remember the purpose for which we are working for. Just as I have with Archie, you will never know what wonderful opportunities that await you by holding on.
1st Quarter 2018 Contest

The current theme is:
First Signs of Spring  (doesn’t have to be Spring of 2018)

Upload your photos by 11:59 pm Eastern on April 15, 2018 to be included in the current contest.

Upload photos here:
http://naicc.org/photo-contest-upload-form/

Please submit no more than 3 photos per person.

By submitting contest photos, you agree to give NAICC permission to use your photos as marketing and/or advertising for the organization.

The correct answer from the February newsletter was Mr. Bean.

Congratulations to Stephen Pietruszka for winning the gift card!

Answer the following question for a chance to win a $50 Visa Gift Card:

Name the members of this dynamic duo.

Submit your answer here:
https://goo.gl/forms/gG1qlMWXnny2XI1o2

One winner will be randomly selected from the correct answers and announced in the next newsletter.

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- Whose Drone is That? Achieving a Balanced and Fair UAS Remote Identification Policy
- Enterprise Perspectives - A Discussion on Technology Challenges and Opportunities Impacting Commercial UAS Operators
- Improving Agricultural Water Efficiency with Unmanned Aircraft
- The Power of Computer Vision and AI for Drones in Agriculture

**SPEAKER HIGHLIGHTS**

Learn from industry’s top leaders including:

- Kevin Adkins
  Embry-Riddle Aeronautical University
- Richard Alward
  Airdrone, LLC
- Joseph Cahill
  Emerging Technology Ventures Inc.
- Rick Holasek
  Corning
- Justin Metz
  Bowles Farming Co.
- Wayne Weltl
  University of Nebraska-Lincoln