

Rep. Tom Tangretti
Remarks to Farm Bureau members
April 11, 2002

Thank you for inviting me to speak with you today.

There is no industry that plays a larger role in every Pennsylvanian's life than agriculture.

Of course, agriculture plays an even greater role in each of your lives.

For most of us, agriculture means the food we eat.

But for you and many other Pennsylvania families, agriculture also means a paycheck.

Pennsylvania agriculture is a microcosm of world agriculture – we grow almost every kind of crop; we raise almost every kind of animal; we produce almost every kind of agriculture-related product.

And, as you all know, our dairy farms, fruit orchards, sheep farms, poultry farms, vegetable farms and vineyards make Pennsylvania one of the top 10 agricultural states in the nation.

They also make agriculture Pennsylvania's No. 1 industry.

But if you were someone new to the state examining what has been done by state government in the past several years on behalf of farmers – especially family farmers – compared to what has been done on behalf of almost every

other segment of our economy, you might not know that.

As we all know, and I can surely attest, there is often a great disconnect in the General Assembly, not to mention the governor's office, between what is said and what is done.

This is a disease that afflicts almost every legislature and every governor, regardless of party affiliation.

And in no instance is this disease greater than in agriculture.

Each year in the state House and Senate, there is no shortage of praise for the family farmer -- the virtue of his work, the product he produces, the standard that he sets, the place that he holds in the Keystone state's history and economy.

Unfortunately, it then comes time to act, and a great paralysis infects both chambers.

I believe that it is time to start matching our actions with our rhetoric.

In short, it's time to start treating Pennsylvania's No. 1 industry like a No. 1 priority.

A diverse economy is important to Pennsylvania's future, and I have supported many efforts to promote new kinds of jobs, attract cutting-edge technologies and broaden Pennsylvania's economy in many different sectors. But I also realize that agriculture remains – and will remain for some time to come – the backbone of the Pennsylvania economy.

In the rush to build stadiums, re-open shipyards, create biotechnology greenhouses and take advantage of the expanding service economy, we cannot forget about agriculture and our farms.

For most of the past decade, that's exactly what's been happening.

Let me talk briefly about examples of what I mean in just two specific areas – state assistance for farmers affected by weather, and taxes.

Many of you sit here today facing another year of drought conditions.

It's a feeling that's all too familiar.

Just three years ago, in 1999, Pennsylvania's farmers were devastated by drought conditions – the worst in more than 100 years.

During that year, the state sent delegations to several European countries to lure more trade to the state, it sent several delegations to states across the nation to discuss a variety of political issues, it even sent a delegation to Hollywood to try to lure more movie business to the state.

Not once, though, did it send such a high-powered delegation to meet with the family farmers who were being devastated.

In fact, the state legislature took what was originally proposed as a \$200 million assistance package for our farmers to cover their actual losses – at a time when Pennsylvania certainly could afford to invest that much in its farmers – and trimmed it

back to \$60 million ... then delivered the assistance a year too late.

I suspect many of you sitting here today are wondering if you are going to face the same lack of commitment from the legislature this year, particularly in what obviously is going to be a tough budget.

I certainly hope not.

The other issue that is devastating many farmers in Pennsylvania today is taxes – in particular property taxes and inheritance taxes.

Over the past several years, I have joined the rest of the General Assembly in voting to reduce the inheritance tax in Pennsylvania, with the goal of eventually eliminating it entirely.

Recently, however, the House also passed legislation that would effectively eliminate the tax for most farmers and other family-run businesses immediately.

The legislation would exempt the first \$700,000 in value of a family farm or family-held business from the state's inheritance tax.

A very small percentage of estates in Pennsylvania are worth more than \$600,000, so exempting the first \$700,000 from the inheritance tax would mean most family farms and businesses in Pennsylvania would not have to pay the tax.

Many of you face a struggle every day struggle just to stay afloat.

In too many cases, the huge tax burden that comes when a family farm is passed on to the next generation is enough to seal that farm's fate.

Too many family-owned farms in Pennsylvania are being put out of business by the inheritance tax.

It's time Pennsylvania backed up its praise of family farmers and entrepreneurs with an inheritance tax policy that helps them, not punishes them.

A 1998 congressional study revealed that inheritance taxes are the leading cause of closure for thousands of family-owned businesses in the United States.

Planning for the tax drains resources that could be used for re-investment, employment and other expenses.

And the inheritance tax hits family farmers the hardest. Young farmers trying to hold onto the family legacy often find themselves deep in debt as soon as they take over the farm.

Removing that burden would free up thousands of dollars that could be put back into the operation of family farms and used for easing other debt.

By the way, I also believe reducing the inheritance tax burden would save not just family farms, but farmland.

Most often, when farms are sold because farm families can no longer make a go of it, they are sold not to other farmers, but to developers.

Even though Pennsylvania has one of the best farmland preservation programs in the country, thousands of acres of some of the best farmland in America are lost each year here in Pennsylvania to development.

Saving more family farms by eliminating the inheritance tax for farmers who want to pass on their land to other family members would ease that development pressure and save many of these acres for farming.

This legislation is in the Senate, and I hope to see it become law in the near future.

The other tax issue that is devastating many family farmers in Pennsylvania is property taxes.

Property taxes have become unfair for the majority of Pennsylvanians who own homes and land, but for farmers, they are even more unfair.

For each dollar of property that Pennsylvania farmers pay, they use only a few cents-worth of government services.

While the current administration and legislative leadership in Pennsylvania like to talk about how many billions of dollars in taxes that have cut for businesses over the past eight years, property taxes have actually gone up by more than \$1.7 billion.

That means taxes for your business are skyrocketing in Pennsylvania.

Make no mistake about it; if Pennsylvania wants to save its farms and its farmers, not to mention its

homeowners and its schools, it's going to have to reform its local tax system.

Reducing property taxes should be the immediate priority of any new administration, and next year's legislature.

You can be sure I will be supporting that effort 100 percent.

Before I'm finished, I would like to mention just a few other things I think Pennsylvania should be doing, and could be doing right now, to help ensure the strength of family farming now and in the future.

First, as I said before, we should treat our No. 1 industry as a No. 1 priority.

If Pennsylvania can have a special Trade Commission focused on developing economic opportunities in other nations, then certainly it can have a special commission devoted to developing and sustaining farming opportunities here in Pennsylvania.

Such a commission could focus on farming on behalf of the governor and the legislature, hold statewide hearings and gather information from farmers and others involved in agriculture, and provide information to state government on an expert basis about how we can combine economic policy, tax policy and the latest in scientific research, to encourage farming and other agricultural production here in Pennsylvania.

Second, I would like to see Pennsylvania invest even more in its farmland preservation program.

As I mentioned, it is one of the best in the country, but we are still losing too much valuable farmland each year.

There are currently 1,500 farmers on the waiting list for farmland easements.

We could reduce that list significantly if we allowed Pennsylvania voters to vote in referendum on doubling the amount of the state's farmland preservation program to \$200,000.

Pennsylvanians know the value of our farmland and our farmers.

They know that in a list of budget initiatives, this program must be a priority.

Another strategy Pennsylvania must undertake is including agriculture in its economic development programs.

Each year, nearly \$500 million in state tax money is paid in grants and loans for economic development efforts for almost every business except agriculture, and particularly farming.

We need to get farmers involved in these programs by opening them up to agriculture-related industries.

We need to open the state's small business development programs to family farmers and create opportunity zones for agriculture businesses with the same kinds of tax breaks and incentives that we've created for other types of businesses.

Finally, we need to focus on our young farmers and future farmers.

We need to increase assistance to rural programs like Future Farmers of America and 4-H clubs.

We need to make agriculture a bigger part of our school curriculums, and we need to expand tuition assistance programs and loan forgiveness programs for Pennsylvanians who study and want to work in agriculture after high school.

Agriculture is our No. 1 industry, but in our schools and in our economic policy, it is far from our No. 1 priority.

We need to change that.

A few years ago, a farmer from Lancaster County called into a radio call-in show to ask Pennsylvania's House majority leader what could be done for the family farmers struggling to get by.

Here is what he told her:

"I can't address you having a tough time on a small farm.

"I don't know how we could address that in a legislative way."

What's even more troubling to me than that response is the fact that, in the intervening three years, the House under his leadership hasn't even looked at what can be done in a legislative way to address our farmers' problems and concerns.

I'm sure that the farmers of Pennsylvania don't have all the answers, and I certainly know that I don't have all the answers, either.

But I do believe we should be looking.

Not only that, I believe we should be acting.

I hope that you will stay committed to helping us do that, and continue to demand that we do that.

The next time you see one of us stand up on the floor of the House or Senate to again praise the family farmer in Pennsylvania, make sure you call that legislator and say thanks, but now let's see some results.

Thank you.