



A message from your Cooperative Network President & CEO, Dan Smith

Happy New Year and best wishes for a successful 2019. I hope you all enjoyed the holidays and were able to spend time with family and friends during this special time of year.

We now move into an important and exciting period of change for the state governments of both Minnesota and Wisconsin. Governors Tim Walz and Tony Evers have made their key appointments, identified their priorities and will soon begin legislative and budget deliberations. Cooperative Network is uniquely positioned to be your voice during the transition process and on through the legislative session to follow. The decision makers in both statehouses recognize the importance of cooperatives from multiple business sectors to the economic, social and cultural well-being of the Upper Midwest. Cooperative Network's presence in the halls of the state capitols ensures the cooperative business model is protected and enhanced throughout the legislative process.

As a member, you have several opportunities over the coming months to join us in legislative and educational events. We will host the [WI Co-op Day at the Capitol](#) on February 12 and the [MN Co-op Day at the Capitol](#) on March 19. These important events bring together cooperative leaders from our diverse membership to speak with one voice directly to the legislators and agency heads. When cooperatives come together, government officials listen. These events are important and impactful and I encourage your participation.

Cooperative Network is also hosting numerous educational events such as the Cooperative Leadership Institute (January 29-31 in Madison), Co-op Communicators Conference (February 21-22 in Eau Claire) and the Cooperative Business Issues Conference in conjunction with CoBank's annual meeting in Minneapolis on March 25. Please visit our website for a complete list of legislative and educational opportunities and for registration information, or click any of the links in the calendar of events. I hope to see many of you at these important events.

Please reach out to me directly with any issues or priorities you wish to convey to government officials as the legislative process gets underway. As I mentioned in my remarks at our annual meeting in November, this is your organization. We rely on your engagement, input and participation. I look forward to hearing from you and advocating on your behalf in 2019.

Calendar of Events

January 9-10, 2019:

[Minnesota Cooperative Leadership Program](#)

Jackpot Junction Casino, Morton, Minn.

January 29-31, 2019:

[Leadership Institute](#)

Madison College, Madison, Wis.

January 15, 2019:

[WI Farm Credit Communication Advocacy Program and Legislative Conference](#)

Madison, Wis.

February 12, 2019:

[WI Co-op Day at the Capitol](#)

Madison, Wis.

February 18, 2019

[Minnesota Energy Sector Meeting](#)

St. Paul, Minn.

February 22, 2019

[WI Farm Supply Committee Meeting](#)

Location TBD

February 21-22, 2019:

[Co-op Communicators Conference](#)

Eau Claire, Wis.

March 4-5, 2019:

[Co-ops Yes! Youth Leadership Conference](#)

Eau Claire, Wis.

March 19, 2019:

[MN Co-op Day at the Capitol](#)

St. Paul, Minn.

REGIONAL & FEDERAL

Webinar to be held on impact of Tax Reform and Section 199A on agricultural co-ops and members

The NCERA-210 Cooperative Research Committee, NCFC and various state Cooperative Councils will host a free national webinar on the impact of tax reform and Section 199A. The webinar will be held on Wednesday, January 16 from 10:00 a.m. to 11:00 a.m. CST and is designed for cooperative board members, CEOs, CFOs and others who want a plain language discussion of this important topic. A panel of experts will give their perspectives on the opportunities and challenges of this new tax environment, including:

- Phil Kenkel, Bill Fitzwater Chair, Oklahoma State University-Research Results with Representative Cooperative
- Dennis Gardiner, Gardiner + Company, Des Moines Iowa-Key Decisions for Boards
- Mike Boland, University of Minnesota-*How Cooperatives are Responding*
- *Moderator:* Keri Jacobs, Iowa Institute for Cooperatives Endowed Professor, Iowa State University

[Click here](#) for more information. Participants who pre-register by contacting phil.kenkel@okstate.edu will receive a copy of the presentation material and discussion summary.

Partial government shutdown enters third week

The partial government shutdown entered its third week this past Saturday. Due to differing opinions on if additional funding is necessary for border wall security between the United States and Mexico, President Donald Trump and House Speaker Nancy Pelosi (D – CA) remain at odds on how to broker an agreement.

Currently, only five of the twelve appropriations bills have been passed and signed by the President. The remaining seven were replaced by continuing resolutions, which are stopgap measures that temporarily maintain current funding levels from the previous appropriations bills until new appropriations bills have been passed and signed into law.

The United States Department of Agriculture (USDA) recently announced how the programs it is responsible for will operate during the government shutdown, which started on January 1, 2019. Certain USDA activities would remain active because they are related to law enforcement, the protection of life and property, or are financed through available funding. If the shutdown continues, this percentage would decrease, and activities would be reduced as available funding decreases. The most noticeable impact to Minnesota and Wisconsin is the closing of local Farm Service Agency (FSA) offices. [Click here](#) to see what USDA functions have continued.

Cooperative Network applauds lawmakers on passage of 2018 Farm Bill

President Donald Trump signed the *Agriculture Improvement Act of 2018*, also known as the Farm Bill, into law late last month. The legislation, which will authorize the nation's principal farm, rural support, and nutrition assistance programs, received overwhelming support in both bodies of Congress, passing by a vote of 369-47 in the House and 87-13 in the Senate. [Click here](#) to read more.

March 20, 2019

[MN Farm Supply Committee Meeting](#)

St. Paul, Minn.

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MINNESOTA

Walz sworn in as Minnesota's governor

At two separate ceremonies held at the State Capitol and the Fitzgerald Theatre in St. Paul, Tim Walz (DFL) was officially sworn in yesterday as the 41st governor of Minnesota. In addition, several other statewide officers were also sworn in including Lt. Gov. Peggy Flanagan, Secretary of State Steve Simon, Attorney General Keith Ellison, and State Auditor Julie Blaha. In addition, new House Speaker Melissa Hortman (DFL – Brooklyn Center) was officially elected to her post by her colleagues in the House of Representatives today. In addition to the House of Representatives now being controlled by the DFL, the governor's office and all statewide elected offices have remained in DFL control. However, the Republicans still control the Senate by a one vote margin, providing for the only divided legislature in the country.

Walz announces cabinet members

In the weeks leading up to his inauguration yesterday, Governor Tim Walz had made a host of appointments to fill his cabinet. These individuals are charged with running various state agencies that employ thousands of state employees and administer a host of programs under their jurisdiction. Some of the commissioners who were picked by Walz include:

- Thom Petersen, Department of Agriculture
- Margaret Anderson Kelliher, Department of Transportation
- Steve Kelley, Department of Commerce
- Laura Bishop, Pollution Control Agency
- Sarah Strommen, Department of Natural Resources

Of note, Walz has indicated more than 50 percent of the commissioners are women, 20 percent are people of color, and 20 percent live in greater Minnesota. Cooperative Network looks forward to working with these new commissioners and their staff during the upcoming 2019 legislative session.

Dayton calls special election for Senate District 11 on February 5

In one of his last official acts as governor, Mark Dayton issued a writ of special election for February 5 in Senate District 11 due to the vacancy created by Tony Lourey's appointment as Commissioner of the Department of Human Services. Lourey began his service after the 2006 elections and served through the 2018 session. He primarily served on committees that covered health and human services during his tenure. Located between Duluth and the Twin Cities, Senate District 11 is contained in Carlton, Kanabec, and Pine Counties. Two candidates have indicated their desire to fill the vacant seat. Among them are current State Representative Jason Rarick (R – Pine City) and Stuart Lourey (DFL). Rarick has served in the House of Representatives since 2015, while Lourey is the son of Tony Lourey and former State Senator Becky Lourey.

WISCONSIN

Evers sworn in as Wisconsin's governor

At a ceremony held at the State Capitol in Madison, Tony Evers (D) was officially sworn in yesterday as the 46th governor of Wisconsin. In addition, several other statewide officers were also sworn in including Lt. Gov. Mandela Barnes, Secretary of State Doug La Follette, Attorney General Josh Kaul, and State Treasurer Sarah Godlewski. While the Assembly and Senate remain in Republican control, the governor's office and all of the elected statewide offices will be controlled by Democrats for the first time since 1983.

Cooperative Network continues to support elimination of the personal property tax

Last week, the Coalition to Repeal Wisconsin's Personal Property Tax met to discuss their push for the full repeal of this tax during the 2019 legislative session. Cooperative Network participates as a member of this group, which includes a host of other affected businesses and trade associations.

According to the state tax code, "machinery" is exempted from the personal property tax, which is defined as a structure or assemblage of parts that transmits force, motion, or energy from one part to another in a predetermined way by electrical, mechanical, or chemical means. A legislative proposal last year provided a reimbursement to municipalities to cover the loss, but based the reimbursement on the value of machinery tools and patterns. This has resulted in a disconnect between how the exemption was defined and how it was to be reimbursed.

The Coalition is hopeful that Governor Tony Evers' view on taxes will be favorable to the coalition's efforts. In addition, the coalition will seek to have full repeal included in the 2019-2021 State budgets.

Cooperative Network participates in ACCP, APS council meetings

Cooperative Network recently attended several council meetings administered by the Department of Agriculture, Trade and Consumer Protection. Among them were the Agricultural Chemical Cleanup Program (ACCP) Council and the Agricultural Producer Security (APS) Council.

The ACCP council met December 18 in its quarterly meeting to take action on program reimbursement submissions. Bureau director Lori Bowman reported on the finances in the Agrichemical Management (ACM) fund and the ACCP fund during the previous fiscal year. There was \$2.7 million less in revenue brought in than the previous year; this is positive, as it means the funds will be reducing surpluses and moving in the intended position of balance between revenue and expenditures. Bowman also reported that the agency has not seen significant increases in reimbursement requests but there has been some interest in potential submissions from sites that had reached lifetime reimbursement caps since that was raised as part of the RevEx biennial budget action. It was also noted that the transition team for Governor Tony Evers will be meeting with administrators and to discuss the IT infrastructure needs. The council chose Tuesday, March 19, 2019 as their next quarterly meeting date.

On December 21, the APS council approved a letter to former Governor Scott Walker requesting his action on two permanent APS rules. The first contains proposed APS assessment reductions for grain dealers and milk contractors as well as increases for vegetable contractors. It was approved by the DATCP board on September 21, 2017 and forwarded to Walker in October 2017. Walker had not given approval to advance that proposal to the Legislature. The letter also requests his action on rule changes that received the unanimous support of the APS council on November 29, 2018. This rule package implements changes to the APS program made by 2017 Wisconsin Act 155. Among the provisions in the proposed rule is a deferred payment assessment for milk contractors who work up contracts with producers for deferring milk payment for up to 120 days. An emergency rule went into effect in August authorizing the deferred payment option for the dairy industry, similar to what already exists in the grain industry.

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