

the

LEADER

newsletter



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Annual Report North Carolina Farm Bureau's 11 Victories of 2011

North Carolina Farm Bureau's 11 Victories of 2011

1) Agricultural H₂O Rights Protected—

Farm Bureau's role as a leader in protecting agricultural water rights resulted in the completion of the Strategic Plan for Protecting Agricultural Water Resources in North Carolina, as well as the passage of favorable water legislation in the North Carolina General Assembly and the establishment of the AgWRAP program.

The Strategic Ag H₂O plan was officially released to the public and submitted for the official state record on Feb. 3—after a yearlong effort by the wide variety of agencies, organizations, groups and individuals who made up the North Carolina Agriculture Water Work Group.

Funded through a \$100,000 sustainability grant from Altria Group, the North Carolina Foundation for Soil & Water Conservation administered the project. The idea for the strategic H₂O plan was born from the record drought of 2007-09. It sets forth a pathway for North Carolina's vibrant agricultural sector and its farmers to lead the way in water conservation, irrigation efficiency and risk mitigation through developing additional water storage structures and impoundments.

"While conservation and efficiency are important ways to reduce water needs, it's equally important that the state increases the ability for our farmers to capture and store water," said Larry Wooten, president of North Carolina Farm Bureau.

Wooten is one of two co-chairs for the committee that developed the plan. N.C. Ag Commissioner Steve Troxler also serves as co-chair.

On-farm water infrastructure needs, such as wells, ponds and other storage structures, are included in the plan, along with their anticipated costs. This information came in handy during this year's long session of the North Carolina General Assembly's 2011-2012 biennium. Legislation was passed that will help farmers and rural landowners deal with water quantity issues.

Water legislation was a major highlight of this busy session in the North Carolina General Assembly, with 179 water bills considered by legislators.

"One hundred and twenty of those were related to water resource (supply) issues alone," said Mitch Peele, NCFB's senior director of public policy. "The winners were farmers who need to increase their on-farm water storage capacity."

N.C. Rep. Mitch Gillespie was a champion for agricultural water legislation during the session, Peele said. There were five key bills introduced that dealt with well drilling, dam safety, transitioning the N.C. Soil & Water Division to the N.C. Department of Agriculture and Consumer Services, water efficiency and the landowner water act. These bills included common themes favored by agricultural advocates, such as the following ones in the box:

- Amending excessive regulations and restrictions on the construction of water storage components.
- Continuing to adopt best management practices (BMPs) to conserve water.
- Ensuring farmers can use water from their property in the event of a crisis to keep crops and animals healthy.
- Ensuring landowners maintain the right to use water from their property.
- Increasing water storage capacity.

One major victory for farmers was the passage of N.C. Senate Bill 676, Clarify Water & Well Rights/Private Property, which addressed a problem with local government requirements on well construction. Some municipalities with their own water systems were more often denying landowners' requests to drill new wells, even though the landowners had met the established standards, completed testing and paid permit fees.

This legislation does not allow local governments to deny applications that have met or exceeded all established criteria for drilling a new well. Gov. Bev Perdue signed the legislation into law June 23. Another approved bill that will help farmers meet their water storage needs was legislation titled Amend Environmental Laws 2011, N.C.

**THE
VOICE
OF AGRICULTURE®**

North Carolina Farm Bureau (NCFB) is the unified, statewide Voice of Agriculture®. Working through our grassroots organizations to enhance and strengthen the lives of rural North Carolinians, we strive to build strong, prosperous agricultural communities. We are a private, non-profit, grassroots organization that has been actively promoting farm and rural issues since 1936 through legislative and policy initiatives, member services, field representation, agricultural education, public relations and other programs.

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House Bill 119, which toughened landfill disposal and storm water regulations, but also amended some of the over-burdensome water use standards that will, in effect, allow an increase in on-farm water storage capacity. The bill became law July 1 without the governor's signature.

AGWRAP FUNDED

The final state budget included a sought-after framework for a new cost share program that will help improve and increase water resources within the state. The Agricultural Water Resources Assistance Program (AgWRAP) received \$1 million in initial funding.

AgWRAP, will be administered by the state's Soil and Water Conservation Commission. The purpose of AgWRAP is to identify opportunities to increase water efficiency, availability and storage.

The idea for AgWRAP was part of the North Carolina Agriculture Water Strategic Plan, which included the objective to implement a cost-share program to assist farmers and agricultural land owners to adopt BMPs, as well as to conserve, develop, protect and efficiently use ground water and surface water as resources related to agricultural use.

The General Assembly appropriated \$1 million to support this program in the state's budget. Of that total, \$150,000 is to be used for technical assistance and engineering assistance and support. That leaves \$850,000 available for implementation and funding.

A 2010 survey by an Association of Soil and Water Conservation Districts' committee showed an immediate need for \$40 million.

2) Agriculture Programs Survive Tough Budget Negotiations—The theme of this year's long legislative session in the North Carolina General Assembly was cutting spending to make up a budget deficit that varied from \$1 billion to \$4 billion, according to which day and which reports were used to verify the numbers.

North Carolina Farm Bureau's grassroots network of volunteer leaders took this challenge as an opportunity to communicate with state lawmakers. Farmers visited their senators and representatives and took advantage of available technology to implore the General Assembly to protect farms and agriculture, which have been one of the few stable economic sectors during the prolonged recession.

Ultimately, state lawmakers recognized the importance of protecting North Carolina's \$70 billion agriculture industry. Accordingly, when the final votes were tallied on the \$19.7 billion state budget approved for 2011-12, lawmakers had largely preserved funding for programs and agencies that serve the state's farmers.

In fact, the responsibilities of the North Carolina Department of Agriculture and Consumer Services were substantially increased.

The North Carolina Forest Service and the North Carolina Division of Soil and Water Conservation were shifted from the North Carolina Department of Environment and Natural Resources (DENR) to the NCDA&CS.

In addition, the Grade A Milk Products and the Sleep Products programs were also transferred to the NCDA&CS from DENR's Division of Environmental Health.

Whenever state money is short, discussion arises over the possibility of closing some of the agricultural research stations. Despite the great need to find funding, state lawmakers did not close research stations as a cost-cutting measure.

3) Animal Agriculture Coalition Established—The state's leading livestock organizations joined forces during 2011 to establish the new North Carolina Animal Agriculture Coalition, which is designed to impact public opinion.

The NCAAC's goal is to lead the discussion about how decades of change on livestock farms are benefitting the state's animals, environment, consumers and communities.

North Carolina Farm Bureau is a founding member of the NCAAC, along with the following livestock organizations and their leadership: Bryan Blinson, North Carolina Cattlemen's Association; Deborah Johnson, North Carolina Pork Council; Bob Ford, North Carolina Poultry Federation; and, Charles Hall, North Carolina Soybean Association.

The North Carolina Animal Agriculture Coalition intends to seek opportunities to connect with key stakeholders and opinion leaders through a variety of activities and educational efforts, such as the following ones:

- Provide educational resources and information through its website at www.NCAnimalAg.com
- Create a dialogue with consumers and opinion leaders about food system issues like food safety and animal care.
- Engage in proactive media outreach to lead

the public discussion about today's farms and food.

- Bring together different voices to discuss our food and farms.

- Provide transparency in what we do and why we do it by answering questions, sharing pictures and video and opening our farms when possible for visits.

- Listen to public concerns and engage in a positive public discussion about our farms and our food.

- Help farmers share their stories with the opinion leaders in their counties.

- Work with customers and key stakeholders to understand concerns and answer questions.

As consumers become increasingly interested in how our food is produced, it is vital that we seek new avenues to build relationships and help educate them about our commitment to producing safe and wholesome food.

Even though our farms have changed, North Carolina farmers still share the values that have guided them for generations.

4) Defeat of Animal Operations Monitoring Rule, Funding for Market Based Conservation

—This year, the North Carolina Environmental Management Commission (EMC) declined to adopt a proposed monitoring rule.

The rule was initiated in 2007 by an environmental group and would have required farmers to take water samples at all animal operations with state or federally issued permits.

The sample collection and analysis would have cost farmers nearly \$2,000 per year. Hundreds of farmers came to the public hearings and filed written comments that explained the problems with the proposed rule.

North Carolina Farm Bureau, livestock organizations and the farmers raised questions about the necessity of requiring farmers to collect samples at all animal operations and whether such monitoring would yield useful results.

Farm Bureau and livestock groups sought to have the EMC reject the rule and instead to direct that a scientifically-designed study of water quality near animal operations be conducted.

When rejecting the rule in favor of a study, several members of the EMC spoke, indicating they thought a scientific study would provide more useful results than the proposed monitoring mandate.

In May 2011, the North Carolina Division of Water Quality and the U.S. Geological Survey (USGS) finalized a contract to perform a multi-year study of

possible surface water impacts related to animal operations.

USGS will begin sampling for the study in 2012, and participation in the study by farmers is voluntary. Moving this proposal from a mandate to a study took many years of concerted effort by Farm Bureau and others, and it will save farmers substantial money, time and effort.

While negotiations were underway to help farmers avoid the expense of unnecessary water testing, North Carolina Farm Bureau was also negotiating an effort with the United States Marine Corps that could help farmers earn while they conserve.

Working with officials from North Carolina State University and the North Carolina Department of Environment and Natural Resources, a market-based conservation program was approved and received initial startup funding. The goal of the program is to address high-priority conservation needs along military training routes by eventually contracting with farmers and landowners to provide certain services, such as maintaining wildlife habitats for endangered species.

5) FEED Continues to Help Farmers

—During 2011, North Carolina Farm Bureau's Farm Energy Efficiency Project (FEED) continued to provide farmers with an easy way to make their operations more energy efficient, as well as help them save money and conserve resources.

FEED was founded in 2008 by North Carolina Farm Bureau and the North Carolina Tobacco Trust Fund Commission. The project offers on-site energy audits that show farmers the energy efficiency of their farms. The audits have served as an important tool toward securing grants from the U.S. Department of Agriculture's Rural Energy for America program (REAP), which provides funds for farmers to make energy efficiency upgrades.

Exactly 106 FEED audits were conducted on North Carolina farms during 2011. About 300 total audits have been done since the establishment of the program in 2008.

Also during 2011, 82 farms that had received FEED energy audits were awarded a combined \$1.2 million in REAP funding to implement projects recommended in their audits. The average energy savings per farm was \$13,709. To date, FEED participants have received \$3.3 million in federal grant money.

FEED is set to continue providing this valuable service to the state's farmers through April 2012.

6) Golden LEAF & Tobacco Trust Fund

Survive—State budget shortfalls had legislators looking at the elimination of the Golden LEAF Foundation and the Tobacco Trust Fund Commission. Both entities were established to spark economic development in rural North Carolina through the dispersment of tobacco settlement funds to benefit rural and agricultural projects.

North Carolina Farm Bureau's grassroots network went to work communicating with state representatives and senators, as well as helping provide editorial content about the issue and its importance to farm communities.

Rather than completely eliminate these valuable venture capital funds for rural North Carolina, the General Assembly eventually voted to let the Golden LEAF Foundation receive \$50 million of its payments for the next two years, while voting \$2 million per year for the next two years for the Tobacco Trust Fund Commission's grants.

North Carolina must continue to invest in rural infrastructure. This need requires continued venture outlays in Internet technology, such as Golden LEAF's nearly \$25 million invested to improve broadband. It also requires more investment in innovative markets for value-added agriculture, such as through the Tobacco Trust Fund in partnership with the N.C. Rural Economic Development Center, the North Carolina Department of Agriculture & Consumer Services and the state's ag colleges.

Agriculture has traditionally been the stabilizing influence on the tax base of our state. However, the decline of tobacco manufacturing doesn't mean agriculture has diminished. In fact, it has grown through strategic diversification, which has resulted from improvements made possible through research, experimentation and investments in rural areas.

Therefore, not only should we have preserved the Golden LEAF fund, we must continue to protect the budgets of the state's department of agriculture and the colleges of agriculture at both land-grant institutions. These programs will continue to make North Carolina's agricultural industry competitive, profitable, productive and permanent.

The legacy of the tobacco settlement funds, if preserved, will create an endowment for generations to come to improve the quality of life, profitability and employment of rural North Carolina. North Carolina Farm Bureau strongly supports preserving the tobacco settlement trust funds for investments in rural areas.

7) Healthy Living for a Lifetime Fulfilling

Mission—The inaugural year of North Carolina Farm Bureau's Healthy Living for a Lifetime program fulfilled and exceeded its mission by addressing the immediate and long term health care needs of rural North Carolinians.

During the 2011 tour, the Healthy Living team traveled the state's backroads from Hanging Dog to Hatteras in an effort to build local partnerships.

The result was many new relationships forged between health and wellness organizations and county Farm Bureau offices that help to ensure rural North Carolinians are knowledgeable of their local resources.

The Healthy Living team visited 24 counties and built partnerships with nearly 300 local medical organizations in North Carolina that attended our Healthy Living for a Lifetime events. The Healthy Living for a Lifetime team also hosted nearly 3,000 participants who received a multitude of screenings, which ranged from blood pressure to vascular ultrasound.

"As I discussed participants' results with them, I could see that people truly wanted to know more about their health. No matter if their numbers were good or bad, hopefully everyone came away more aware of their health and energized to make healthier lifestyle choices," said Bobby Tipton, a medical provider at Saluda Medical Center. "I absolutely think this event made a difference in the lives of these individuals. If we were able to help just one person improve his or her health, then the effort was worth it."

Because the state's greatest asset is its people, good health is a basic requirement for economic viability and success. Many rural areas in North Carolina are not receiving the professional health-care they need and deserve. In most rural areas of the state, the medical needs greatly outweigh the number of doctors, clinics and hospitals available.

"Healthy Living for a Lifetime was a great way for us to reach out to the community and provide needed health screenings, as well as promote health resources in the area," said Shea Laws, Yancey County SHC director and Access to Care chairperson for Healthy Yancey. "We had over 20 health and wellness organizations represented, and I spoke to several people who were truly surprised to learn just how many resources we have here in Yancey County. I thought the turnout was great and that those who participated came away impressed and appreciative."

8) Property Rights Protected and Favorable Annexation Rules Passed—Many municipalities across the state have long sought to annex adjoining properties outside their city limits in order to boost tax bases and for other reasons. New legislation passed this year in the North Carolina General Assembly, however, makes it tougher for cities to annex properties involuntarily.

The Zoning/Agricultural Annexation Exemption law, H.B. 168, specifically protects farms from being pulled into city limits. The law accomplished this by requiring written consent before a farm can be annexed by a municipality and exempting bona fide farms from municipal extraterritorial jurisdiction control.

Furthermore, H.B. 845 reformed state annexation laws so that an area may not be annexed into city or town limits if 60 percent of the residents in that territory disapprove.

Other legislation gave property owners better tools to protect their rights. The Landowner Protection Act, H.B. 762, for example, requires persons hunting or fishing on posted lands to have written permission first and expands the methods property owners can use to post lands.

North Carolina Farm Bureau's grassroots network of volunteer leaders fought for these laws in order to help protect and preserve the state's 52,000 farms.

9) Regulatory Reform Passed—During the North Carolina General Assembly's long legislative session, lawmakers recognized and responded to the burdens resulting from overzealous government regulations.

A special committee was appointed to review the state's rules regarding the development of regulations. The committee received comments online and through listening sessions.

The Regulatory Reform Act of 2011, S.B. 781, was drafted based on the committee's study and public feedback, which included many comments from NCFB's grassroots leaders. The legislation, which passed in June, prohibits agencies from rule-making unless specifically directed by the General Assembly, a federal mandate or a court order.

Under the bill, five-year permits may be extended to eight years, and agencies are required to do cost-benefit analyses more frequently to ease the burden on businesses.

Gov. Bev Perdue vetoed the legislation, but the General Assembly overturned the veto.

10) Trade Matters Campaign Results in Passage of FTAs—Farm Bureau's grassroots Trade Matters campaign resulted in the passage of three separate free trade agreements between the United States and South Korea, Colombia and Panama.

Farm Bureau's grassroots leaders launched the campaign in March to help achieve passage of these economically-beneficial FTAs. North Carolina farmers emphasized the many positive aspects of the FTAs when having discussions with their lawmakers. From the hundreds of emails sent through Farm Bureau's FB ACT website function, to personal letters, phone calls and visits with Congressional members and staffers, to letters-to-editors of local and area newspapers, our grassroots volunteers engaged on all levels for an extended campaign push.

Thanks to the bold efforts of U.S. Sen. Richard Burr and U.S. Rep. David Price, North Carolina Farm Bureau's network of volunteer leaders was able to celebrate a major legislative victory that could not have happened without their attention, action and continued efforts.

The White House submitted the trade deals to Congress, which ratified each of the separate agreements Oct. 12. The economic growth generated from these free trade agreements will boost the state's local economies and is expected to initially create 900 new jobs and increase exports of North Carolina poultry, pork, soybeans and cotton.

Agriculture has been losing market share in South Korea, Colombia and Panama to other countries for years. Full implementation of these free trade agreements will improve our competitiveness by removing barriers and allowing access to those markets.

Trade Adjustment Authority was a make or break issue for many lawmakers and was a main root of delays in negotiations. However, TAA was also approved in separate legislation on the same day the FTAs passed.

TAA was a major negotiating point associated with the passage of the deals, because it provides career transition support to the tune of \$1.2 billion over five years on insurance and compensation for displaced workers.

Combined, the three FTAs represent nearly \$2.5 billion in new agriculture exports for Ameri-

NORTH CAROLINA FARM BUREAU FEDERATION, INC. AND AFFILIATES

Consolidated Statement of Activities

Year Ended December 31, 2010

	TOTAL	
	2010	2009
Revenues:		
Sales	\$ 4,716,901	\$ 6,066,106
Membership dues	7,783,444	7,189,031
Service fees	32,963,811	31,862,851
Contributions and grants	361,435	310,158
Advertising income	-	-
Rental income	1,979,085	1,795,118
Interest and dividend income	785,035	767,114
Net realized/unrealized gain/(loss) on investments	230,024	(140,844)
Other	499,911	468,110
Net assets released from restrictions:		
Restrictions satisfied by payments	-	-
Total revenues	<u>49,319,646</u>	<u>48,317,644</u>
Expenses:		
Member services	36,175,668	35,906,432
Membership development	2,144,388	2,071,790
Member information	962,297	925,423
Ag in the classroom program	48,300	161,272
Scholarship program	70,063	72,081
Management and administration	10,923,991	10,422,885
(Gain) loss on sale of property and equipment	(8,268)	(20,389)
Total expenses	<u>50,316,439</u>	<u>49,484,252</u>
Change in net assets before income tax	<u>(996,793)</u>	<u>(1,166,608)</u>
Income tax expense (benefit):		
Current	414,562	485,701
Deferred	(446,048)	(87,318)
Total income tax expense (benefit)	<u>(31,486)</u>	<u>398,383</u>
Change in net assets before non-operating items	<u>(965,307)</u>	<u>(1,564,991)</u>
Pension & postretirement related benefit changes: other than net periodic pension & post-retirement costs	<u>(987,476)</u>	<u>(575,183)</u>
Change in net assets	<u>(1,952,783)</u>	<u>(2,140,174)</u>
Net assets at beginning of year	<u>31,249,002</u>	<u>33,389,176</u>
Net assets at end of year	<u>29,296,219</u>	<u>31,249,002</u>

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of 2011

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"Agriculture is our wisest pursuit because it will, in the end, contribute most to real wealth, good morals and happiness."
Thomas Jefferson, 1787

11 of 2011 continued.....

ca's farmers and are expected to create economic growth that could generate support for up to 22,500 U.S. jobs. Farm exports now account for one-third of the state's \$9.6 billion in farm cash receipts.

In 2010, North Carolina's agricultural exports were pegged at \$2.7 billion. However, these exports also produced an additional \$3.6 billion in economic activity for a total economic output of \$6.3 billion.

Over the past decade, North Carolina's agricultural exports grew by 79 percent, directly adding 1,500 new jobs. Agricultural trade is not only critical to North Carolina's farmers, it is vital to the U.S. economy and the creation of American jobs.

Every \$1 billion in agricultural exports supports 9,000 U.S. jobs, such as transportation workers, food processors, packers and even sales and marketing professionals.

Over the last decade, U.S. agricultural exports grew by 106 percent, directly adding nearly 175,000 new jobs, according to American Farm Bureau Federation.

11) Transportation Legislation Passed —

North Carolina's farmers won more flexibility in the rules that guide how they transport their products during 2011.

Approved legislation titled Amend Weight Limits for Farm Products, H.B. 468, allows an exemption from vehicle weight limits for a person hauling live poultry from the farm to any processing operation within 150 miles of the farm.

Provisions impacting farm transportation were also included in the Omnibus Transportation Act, H.B. 652, which passed both houses and was in conference committee at publication deadline.

That legislation clarifies and expands the tolerances for transporting agricultural products to many more agricultural products, including residuals, waste, livestock and water. It would also exempt from registration requirements trailers used to transport products on the now expanded list.

North Carolina Farm Bureau Federation's network of grassroots volunteer leaders once again was instrumental in this victory. Farmers teamed up with NCFB staff members to communicate the message to lawmakers that reform was necessary.