

# It's a New Year, Growers! (What Might It Bring?)

What's on tap in Washington for 2018? A new Farm Bill, an industry research roadmap and ...

BY CRAIG REGELBRUGGE

**B**y the time you read this, January will be upon us. But as I write, it's still December. Both the House and Senate have passed tax reform bills, and have turned attention to reconciling their differences. Funding of the federal government has been extended to just before Christmas, but what happens next (solution until September? Shutdown?) isn't clear.

So, as we consider 2018, let's first take a quick look back (as Grandma said, it's OK to look back, just don't stare!). In mid-November, the House managed to pass a tax reform bill along party lines. Just as December arrived, the Senate approved its own bill, on a 51-49 party line vote. The two share some commonalities, like the goal of reducing tax rates for both businesses and individuals. They diverge on many points — treatment of deductions, and, perhaps most notably, the Senate's effort to do away with the Affordable Care Act's individual mandate.

Our focus throughout the process has been on a handful of policy issues most relevant to the horticulture industry — cash accounting for growers, the estate tax, expensing of investments in equipment. We gained ground in each of these areas, at least as things stood at press deadline. We will be in a better position to speak to the good, and the rest, from a horticultural perspective when we see it.

## THE YEAR AHEAD

Big legislative initiatives will become a more remote possibility with each passing day and as the 2018 mid-term elections drawing nearer.

One exception may be the next Farm Bill, scheduled to be rewritten in 2018. With rural America a growing focus for politicians of both parties, many will want to get a bill done, and farm bills usually offer significant opportunity for bipartisan cooperation. They typically pass with support from an “odd bedfellows” coalition of farm state Republicans and Democrats, and urban legislators who primarily support the Farm Bill for the nutrition assistance programs contained within it.

For greenhouse and nursery growers, the Research and Horticulture Titles of the Farm Bill have provided us a major vehicle for funding research and innovation, and for addressing plant pest and disease threats to success and profitability. Key projects have addressed Ralstonia, downy mildews, plant certification programs and other relevant issues.

So, our top priority as the Farm Bill takes shape will be to preserve and strengthen the handful of key Farm Bill programs that advance our industry. These include the Specialty Crop Research Initiative, the Plant Pest and Disease Management and Disaster Prevention Program and the Specialty Crop Block Grant Program. House Agriculture Committee Chairman Michael Conaway (R-TX) has stated his intent to move the Farm Bill forward in the House by March. Only time will tell ...

## OTHER PLANT HEALTH NEWS

A new pilot program for certification of vegetative cuttings (mostly annuals and

perennials) produced in offshore facilities was launched on Oct. 1. Facilities in Mexico, Guatemala, El Salvador, Nicaragua, Costa Rica and Colombia are participating.

The framework of the program is a “systems approach” that considers facility design and construction, sanitation, pest management practices, recordkeeping and traceability. It's a lot like what happens in food production or processing.

If the program works as we hope, it will be expanded to any grower (in Latin American or other production locations) capable of meeting or exceeding the minimum standards for the program. At AmericanHort we are very excited to be driving this project forward and are eager for it to succeed. What it will mean for both the producers of vegetative cuttings and for the professional growers in the U.S. who root cuttings and finish plants, is expedited clearance at the ports. Minimal delays will (we hope) translate to more certainty and better quality.

## ON TO LABOR ...

For now, focusing on H-2A, the expected 2018 Adverse Effect Wage Rates (AEWR) for those using the H-2A visa program are mostly not as bad as feared. These new rates become effective each year when published by Department of Labor in the Federal Register, which usually happens in late December.

This time, while most of the nation sees modest gains, and some states actually see decreases, Washington and Oregon see the

largest increase in the continental U.S., with the AEWI increasing over 5.5 percent to \$14.12 per hour. Of course, there is rather little use of these programs in the West right now (which may change) but in key states in the East and Midwest, most are seeing either modest decreases or slight increases.

On the labor front more broadly, things are not getting any easier. Shortages are generally worsening, and there is little prospect for a thoughtful solution. We worked this issue during the September Impact Washington advocacy summit, and we continue to focus on legislation, administrative relief, and the more remote possibility of treaty-based relief. Let's unpack each of these.

**Legislative.** All eyes are on the House, as the Senate has grown a bit weary of passing bills only to see the House balk. In late October, the House Judiciary Committee passed H.R.4092, the Ag Guestworker Act. It has some positive features and some very deep flaws. We have been working with House leadership to address the flaws, but at the moment, the path forward is way less than clear.

**Administrative.** There is still a good shot at some policy or regulatory relief for those using the H-2A program. But to be totally honest, it depends on who wins the tug-o-war — the Agriculture Department and friends in the White House, or the populist, nationalist, isolationists who are rather numerous in this Administration. With Ag Secretary Sonny Perdue

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leading a regulatory review initiative, we're hoping his pragmatic, pro-rural and pro-growth view holds sway.

**Treaty-Based.** In a less tumultuous time, this would be a no-brainer. But here we are. Both the U.S. and Mexico have a shared interest in facilitating the safe, orderly movement of agricultural labor between our nations. And some component of that could be accomplished via a bilateral labor mobility agreement that could be a component of a revised NAFTA agreement. We have met with officials of both the U.S. and

Mexican governments to encourage progress here, but the broader treaty negotiation — even as it relates to agriculture — is rather fraught, to say the least.

Any progress on labor reform (at least legislative reform) is going to hinge first and foremost on how the fate of the so-called "Dreamers" is ultimately decided. While we really need legislative reform to address the failings of our current visa programs and to repair and modernize our immigration system, we will do well to achieve modest administrative reforms.

### AND, INNOVATION

Good to end on a positive note. The Horticultural Research Institute (HRI), the AmericanHort foundation, is working hard to directly fund, leverage and influence investments in research and development to benefit growers and the whole supply chain. Of course, this is only possible with the direct and sustained support of leading industry businesses. HRI has led critical industry initiatives such as the ongoing pollinator stewardship campaign.

In 2018, we're aiming to establish the vision and the roadmap for horticultural research to 2020 and beyond.

We hope you'll join us on this important journey! ■

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