

## Deb Mazour

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**From:** NCC-Deb <debm@nebr.coop>  
**Sent:** Thursday, May 14, 2020 3:56 PM  
**To:** Deb Mazour  
**Subject:** Cooperation in Nebraska - May 2020



# Cooperation in Nebraska

a newsletter from the Nebraska Cooperative Council

*May 14, 2020*

While the events of the last 60 days have been unprecedented for almost all of us, the work of agriculture continues and Nebraska's farmer owned cooperatives have met these new challenges while at the same time supporting their farmer owners as the busy planting season unfolded. Here at your Nebraska Cooperative Council we have continued with our usual and customary advocacy and programs while at the same time working with State and Federal policy makers to provide feedback from you to help them coordinate their respective governmental responses to the Covid-19 pandemic and to provide you with information on a variety of operational and regulatory issues and programs that have resulted from those governmental responses. This newsletter is to bring you up to date on Council activities through the first five months of 2020.

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## Revenue Committee Briefing

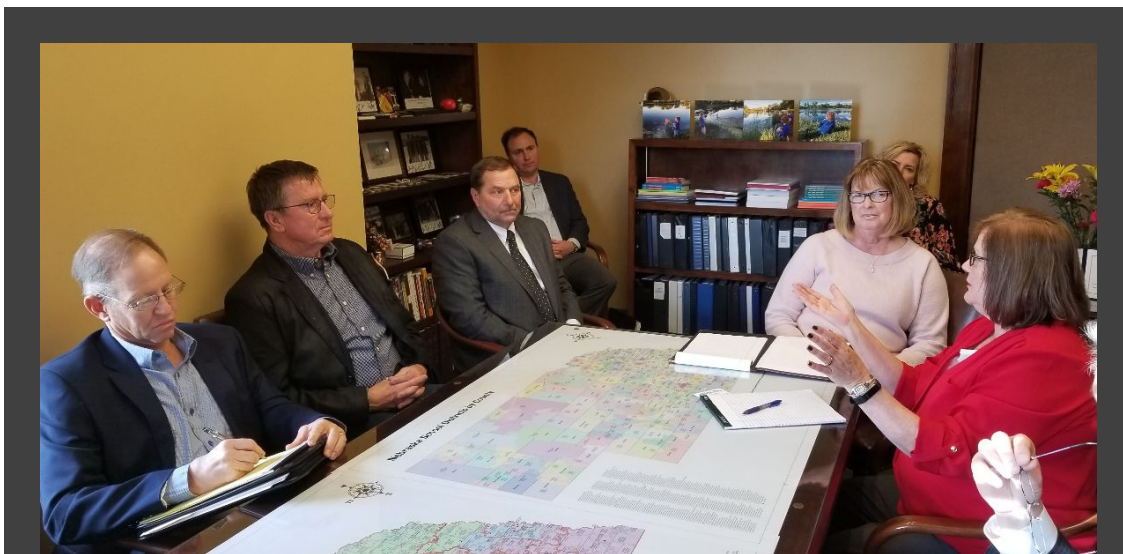
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On January 3rd, Senator Lou Ann Linehan invited the Council's Board of Directors to meet with her and her staff to discuss legislative proposals that they were preparing to address the property tax issue in Nebraska.

The Board spent over an hour with Revenue Committee staffers, sharing their respective property tax situations and learning about the Committee's plans for property tax relief in the 2020 legislative

session. The staff members were very helpful in explaining to the board the complexity of the issues and the difficulty in finding a solution acceptable to all stakeholders. The staff was also very open to input from Council Board members.

The fact that Senator Linehan contacted us to schedule a meeting underscores the value of the NCC-PAC which is where the Council first developed a relationship with the Senator. By going through our interview process, Senator Linehan was well aware of farmer ownership of cooperatives and the economic impact that cooperatives have in the state.



*NCC representatives pictured at the table talking to Revenue Committee staffers are (clockwise from bottom left) Dave Beckman of Elgin, Bd Chair of CVA in York; Evan Brandes of Central City, Vice Chair of Aurora Co-op; and Dean Themes, President of Farmers Pride in Battle Creek. Others participating but not pictured were David Briggs, CEO of Westco in Alliance; Galen Kuska of Exeter, Bd Chair of Farmers Cooperative in Dorchester; Jeremy Wilhelm, CEO of Frontier Co-op in Lincoln; Tim Rowe of Elwood, Bd Chair of Country Partners Co-op in Gothenburg; NCC President Rocky Weber, and NCC lobbyists Sean Kelley and Julia Plucker of Kelley Plucker in Lincoln.*

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## 2020 Legislative Session

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The Legislature has completed 43 days of this year's 60-day session. Due to the Covid-19 pandemic, the Legislature adjourned in March without a set date to reconvene. The Nebraska Constitution does require that the Legislature meet for 60 days in even numbered years but does not specify dates for completion of the session. At the time of the preparation of this newsletter, it is anticipated that the Legislature may convene in late summer or early fall, depending upon health advisories that may be in effect at the time.

Prior to its adjournment, the Council had introduced LB 1014 which would amend Nebraska

insurance law to allow self-employed persons, including farmers, who are members of associations, to pool together for the purpose of accessing group health insurance benefits. Upon becoming law, LB 1014 would allow Land O' Lakes to be able to apply to the Nebraska Department of Insurance to get approval to re-offer its Cooperative Farmer Health Plan in Nebraska again in 2021.

LB 1014 received an early hearing before the Banking Commerce & Insurance Committee which quickly advanced the Bill to the floor of the Legislature. With some minor amendments to address some concerns raised at the Committee hearing, LB 1014 reached final reading by March 11. In any other year this would have allowed plenty of time for final passage and submission to the Governor for his signature. At the time of adjournment due to the Covid-19 crises, 26 bills were on final reading. We remain hopeful that when the Legislature reconvenes to finish its 2020 legislative session, LB 1014 will be quickly passed and advanced to the Governor for approval.

The Council provides weekly *Legislative Updates* to the Council membership during the session covering issues of importance to cooperatives. A full recap of the 2020 legislative session will be provided in our Annual Report.



*Attending and/or testifying at the public hearing for LB 1014 were (L-R) Matthew Wohlmann, Sr Director of State & Industry Affairs for Land O'Lakes; NCC President Rocky Weber; Pete Kappelman, Sr. Vice President of Member and Gov't Relations for LOL; Senator Brett Lindstrom; Pamela Grove, Sr Director of Benefits & HR Operations for LOL; Nichole Jansen, farmer patron of Frontier Co-op; and Jeremy Wilhelm, CEO of Frontier Co-op headquartered in Lincoln*

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## Proposed Section 199A Regulations

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Prior to the Covid-19 pandemic, the Cooperative industry had been engaging at a high degree with the Treasury Department over new proposed regulations on Section 199A. The National Council of Farmer Cooperatives and many regional and local cooperatives and state councils, including the Nebraska Cooperative Council, have been lobbying Congress regarding the proposed 199A regulations that were about to be finalized.

It is the view of the grain industry that the regulations do not reflect the agreement reached to resolve the "grain glitch" on the finalization of the new Tax Bill in early 2018. We believe the new tax law expressly provided that 199A would be applied to cooperatives in the same fashion as old Section 199. Old Section 199 allowed the Section 199 deduction to be applied against both patronage and non-patronage income. The last draft of the new proposed regulation apparently allows 199A to be applied only to patronage income, excluding non-patronage income, which means a smaller deduction to cooperatives and smaller deductions that can be passed through to the farmers by cooperatives. This will directly impact Nebraska cooperatives and their farmer patrons.

Your Nebraska Cooperative Council was in direct discussions with Congressman Smith's staff and they were, in turn, in touch with other members of Congress and the Treasury Department. Likewise Senator Fischer's office has been very responsive to our concerns on this issue. [Linked here is a letter](#) she sent to Secretary Mnuchin which frames the industry's position perfectly.

Prior to the Covid-19 outbreak, we had been advised that the Treasury Department had slowed the finalization of the new Section 199A regulations as a result of all of the level of engagement it had received from the industry and Congress.

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## Director Education

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Two hundred eighty (280) individuals from 78% of our member cooperatives participated in the five director education programs that we hosted this winter. In the December 2019 newsletter we reported on the Director/Manager Workshop held in Kearney on November 22. A recap of the other programs is provided below.

### ***Director Certification Program***

52 phases of DCP were completed this year with 11 directors graduating after completing all four phases of the program. This brings the total number of graduates to 1,676 since we began this program in 1978.

The four phases of the program were offered in Kearney on January 7-8. Facilitators were:

- Phase 1 - Dr Greg McKee-UNL and NCC President Rocky Weber
- Phase 2 - Dr. Keri Jacobs -ISU, Tom Houser-CoBank, and Rocky Weber
- Phase 3 - Dr. Keri Jacobs-ISU and Tom Houser-CoBank

- Phase 4 - Dr. Greg McKee-UNL, Neil Stedman-Frontier Cooperative, and Ron Hunter-retired cooperative manager

This program is our foundational program for cooperative directors. It is designed to provide newly elected directors with the skills and knowledge they will need to become successful directors in today's cooperatives.

This year's program was well received by participants and was the highest rated DCP in the history of the program.

### ***Cooperatives For Tomorrow Seminar***

CFT was held on February 6 in Lincoln with a total of 64 individuals attending. The program began with a presentation by Dr. Greg McKee of UNL regarding the demographic changes taking place in agriculture. Dr. J. Mark Munoz then addressed artificial intelligence and how it will impact agriculture and cooperatives. In the final presentation of the day, Dr. Jayson Lusk from Purdue discussed consumer trends and how these trends are impacting production agriculture and agribusiness. Dr. Lusk did an excellent job of explaining how consumers, rather than other forces (gov't, agribusiness) will drive food choices in the future.

This year we also were once again pleased to have CoBank provide sponsorship for the evening reception and dinner.

### ***Graduate Director Seminar***

On February 7th, 48 directors attended the GDS held in Lincoln. David Parker, Executive Vice President of FLM Harvest, facilitated the morning program which focused on "Executing the Strategic Plan". David did an excellent job of challenging directors to make the decisions necessary to position the cooperative for the future rather than rely on maintaining the status quo.

The afternoon session was devoted to communications and was presented by Wade Johannes with Mark Jewell Speaking and Training. Wade led the group through a series of exercises and activities to help them understand the fundamentals of communicating and help directors become better communicators of the cooperative message.

### ***Board Leadership Seminar***

Our final program of the winter was the BLS held in LaVista on February 20th. This program has traditionally been one of our highest rated programs and this year was no different. A total of 36 board leaders attended the program that was a wide ranging discussion of a multitude of topics that are of interest to cooperative board leaders.

Bill Kutilek of the Crosby Guenzel law firm and NCC President Rocky Weber moderated the day's discussion.



*NCC President Rocky Weber and Attorney Bill Kutilek with the Crosby Guenzel law firm in Lincoln continue to lead an open forum discussion for our Board Leadership Seminar. It's our highest-rated program and we strongly encourage board officers to attend!*

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## Co-op Messaging

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Council staff is continuing to work with our members and other stakeholders across the state to provide cooperative information to groups so people understand the value of cooperatives to their farmer owners and to the state's economy. We are doing this in a number of ways and are looking at other methods to spread the co-op message. Recent activities include:

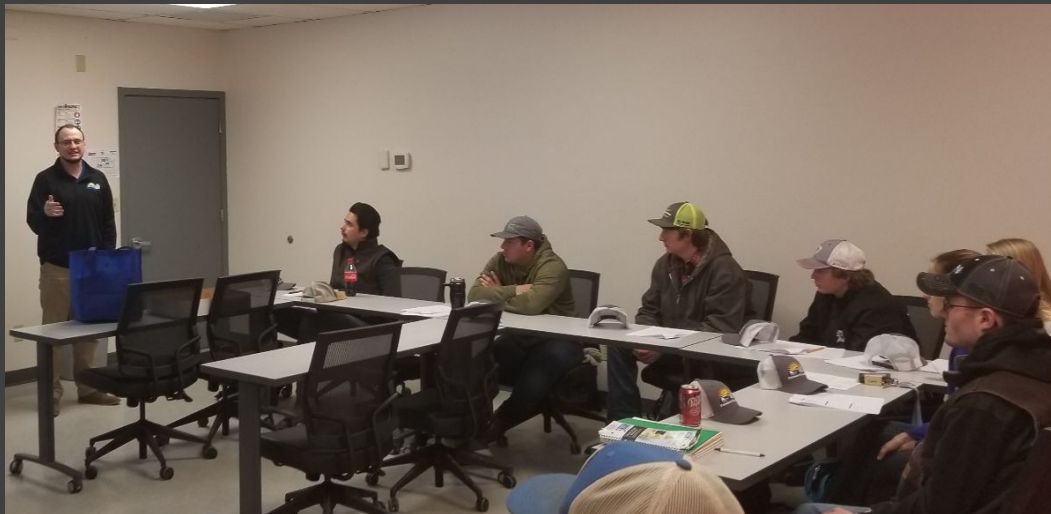
***Annual Meetings/Board Retreats*** - From December 1st through mid-March, Rocky Weber attended 14 local cooperative Annual Meetings or Board Retreats. At each of these meetings, Rocky has emphasized the unique cooperative attributes of members' equity, patronage and reinvestment of earning for the benefit of the farmer owners of the cooperative. Feedback indicates that this emphasis has generated more discussion among patrons and board members about these issues and the importance of the farmer owned cooperative business model in the agricultural marketplace.

***Co-ops 101 for Cooperatives*** - In late January, Ed Woeppel conducted four Co-op 101 sessions for employees at Ag Valley Co-op. These sessions are designed to provide cooperative employees with basic information on the cooperative business model and how patronage, equity management, and equity redemption occur in the cooperatives. We also address why cooperatives were originally formed and the value cooperatives continue to provide.

***Co-ops 101 for Colleges and High Schools*** - The Council continues to provide Co-ops 101 presentations to college agricultural students as well as select high schools. In 2020 to date, we have provided programs at SCC-Beatrice and NCTA in Curtis. Prior to the Covid-19 outbreak, we anticipated providing at least two more presentations later this spring. The Council has been

providing these presentations for 9 years, and in that time, we have had contact with over 2,100 ag students across the state.

*On February 27, 2020, the Council provided a Co-ops 101 at SCC in Beatrice. Taylor Collins, Recruiter/Intern Coordinator for Farmers Cooperative headquartered in Dorchester, talked about the many career opportunities available at cooperatives.*



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## Staff Announcement

The Council is pleased to announce that effective April 1, 2020, Deb Mazour became the Office Manager and Program Coordinator for the Nebraska Cooperative Council. Deb is in her 31st year of work for the Council and its Cooperative Members and is instrumental in the Education Programming, Legislative Advisory Committee, Political Action Committee, NCC-Education Foundation and NCC-Hall of Fame activities of the Council.

Deb and her husband Don are the parents of four children and in July will add the title of “Grandma” to her resume!

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## President's Message

This newsletter is arriving to you a little later in the Spring than I had planned. From December through the middle of March we were heavily focused on preparing and lobbying LB 1014, in the Nebraska Legislature, which, if passed, would allow the Land O’ Lakes Farmer Health Insurance Plan to be re-offered in Nebraska. The January through late February time period also included the bulk of our education programs and further provided me the opportunity to engage with many of our member cooperatives at their respective annual meetings and board retreats to discuss and advance cooperative issues and initiatives.

My goal was to get this newsletter out by the end of March as those other activities subsided. Nature had another plan, and as with the rest of you, the Council's focus and activities changed nearly overnight with the outbreak of the Covid-19 pandemic. This health crisis and the ensuing federal, state and local government responses have been unprecedented in our lifetime. Within days in the middle of March, I went from attending an agricultural trade association breakfast at the Governor's Ag Conference in Kearney with over 60 participants, to making plans on how to continue the activities of the Council in the event we were all forced to work from home.

The Legislature adjourned before the end of March. All state, local and national meetings were cancelled. All other issues that are priorities were placed on hold and for the last eight weeks we have been focused on navigating the government's response to the Covid-19 pandemic. This has included keeping regulators apprised of the issues the ag cooperatives were facing so that we could resolve issues quickly. We have also participated in regular updates from regulators on the government response to the epidemic all with the goal of keeping our agricultural cooperatives operating during one of their busiest seasons in the face of a radically altered regulatory environment.

We have in this period issued over twelve email bulletins to members dealing with everything from regular and seasonal CDL licensing, personal protective equipment, paid and family sick leave, the Payroll Protection Program, Pesticide Applicator Certifications and Federal Motor Carrier regulatory waivers. In addition we have provided informational bulletins on usual and customary issues such as grain storage rates and most recently the impacts of the Iowa Supreme Court decision in MidWestOne Bank vs. Heartland Co-op and how it may affect warehouses collecting charges for grain storage and handling.

While I understand that many of you have multiple sources of information, my goal has been to provide what I believe is the most relevant and most helpful information to your organizations and operations.

The Council's relationships with Governor Ricketts' office and Nebraska Department of Agriculture Director Steve Wellman and Nebraska Department of Motor Vehicles Director Rhonda Lahm have also allowed us to obtain and disseminate information quickly to members as questions have come to us on the various issues. The Ricketts administration has, from the beginning, been consistent with Department of Homeland Security Guidance, identified agriculture and the entities that serve farmers as essential during this pandemic and has operated with a focus of keeping agriculture related enterprises as operational as possible during this period.

When the Spanish Flu pandemic hit the United States in 1918, most of our farmer owned cooperatives were in the early stages of formation and operations. Farmers continued to farm and the agricultural cooperatives they owned continued to be their vital partners. I believe that while the 2020 Covid-19 pandemic will alter the agricultural environment, farmers will continue to farm and the agricultural cooperatives they own will continue to be their vital partner in helping them navigate that environment. Together, the farm cooperative system and the farmers it serves will meet these challenges, just as our predecessors did a century ago. After all, the annual planting of



the crop, the continuous cycle of growing livestock and the stewardship of the land are deeply interwoven with an innate hope and confidence in the future!

It has been challenging and gratifying to be in a position to serve the needs of Nebraska's farmer owned cooperatives as you grapple with this unprecedented environment. I understand as I write this that the 2020 crop has been mostly planted, and that there have been only minor interruptions in local operations. Even though the future is uncertain, like the farmers we serve, the Council staff is also planting the seeds for our next crop.....planning and inviting speakers and presenters to our Annual Meeting and 2020-2021 education programs, organizing legislative candidate interviews for NCC-PAC, preparing to get LB 1014 across the finish line, and continuing to be your resource and advocate.

Let me know how I can help! Stay well.

Cooperatively yours,

Rocky

## CALENDAR OF UPCOMING EVENTS

- July 1, 2020 - NCC Board meeting - North Platte
- July 7-8, 2020 - NCC-PAC Candidate Interviews - LaVista
- July 9, 2020 - NCC-PAC Candidate Interviews - Lincoln
- July 21, 2020 *[new date]* - NCC Co-op Intern Retreat - Kearney, Holiday Inn
- Nov. 18, 2020 - Annual Meeting, Hall of Fame and Evening Reception - Kearney, Holiday Inn
- Nov 19, 2020 - Director/Manager Workshop - Kearney, Holiday Inn
- Jan 5, 2021 - DCP Phases 1 and 3 and GDS - Kearney, Younes Center
- Jan 6, 2021 - DCP Phases 2 and 4 and GDS - Kearney, Younes Center
- Feb 25, 2021 - BLS - LaVista, Embassy Suites

## CONTACT US

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