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Nebraska Cooperative Council's Newsletter



Cooperation in Nebraska

April 6, 2021

2021 LEGISLATIVE SESSION

The Legislature convened on January 6th and as of April 6th, 55 days of the 90-day legislative session have been completed. The Legislature is scheduled to adjourn on June 10.

During the 10-day bill introduction phase, 684 bills and 31 resolutions were introduced. A public hearing is held on each of these, and this year legislative committees held morning hearings in addition to the traditional afternoon hearings which started on January 25th and ended on March 12th. At that time, the Legislature began all-day floor debate.

Council staff reviewed 206 bills and included 126 on the Legislative Advisory Committee's January 25th zoom meeting agenda when the committee reviewed and set the Council's official position on each.

The Council currently has 140 bills/resolutions on its watch list which include 45 that we either support or oppose.

As of April 6, 31 bills have been signed by the Governor and an additional 9 have been passed by the Legislature. One hundred four (104) bills have been identified as Priority Bills for this session by individual senators, committees, and the Speaker of the Legislature.

Last week the Appropriations Committee advanced its biennial budget bills to the floor of the Legislature. Debate on budget legislation is set to commence on April 8 with a goal of final approval by April 16. If that occurs we will quickly see revenue and other spending measures scheduled for debate.

In a recent press conference, the Revenue Committee indicated that it would be advancing a series of bills with the intent to achieve comprehensive tax reform by the end of the 2022

legislative session. It is widely expected that these measures will include additional property tax relief, corporate and income tax restructuring and a broadening of the sales tax as a source of revenue.

This session the Council was successful in getting LB 177 passed by the Legislature and signed by the Governor by March 31, 2021. A detailed explanation on LB 177 and other bills have been included in our Legislative Updates which are forwarded weekly to the membership. To date, twelve Updates have been forwarded covering issues of importance to cooperatives.

In addition to identifying and taking action on bills that impact cooperative operations and communicating that to the membership throughout the legislative session, the Council staff relies upon you, the membership, to also keep us informed of any additional bills or issues that you become aware of that may affect your operations so that we can assist when possible on pending legislation or the preparation of future legislation to address those issues.

FEDERAL SECTION 199A

The IRS implementation of Section 199A as a result of the Tax Cuts and Jobs Act of 2017 continues to be an issue for farmer owned cooperatives in which the Council continues active involvement.

When Congress fixed the “grain glitch” in March of 2018, it specifically included in the legislative language instructions that farmer cooperatives were to be treated in the same manner under Section 199A as they had been under former Section 199. The IRS, however, has issued new regulations wherein it exempts non-patronage income from the DPAD calculation under Section 199A. Patronage and non-patronage income were both included under old Section 199.

The Council has engaged with Senator Deb Fischer’s office who in turn made a specific request of former Treasury Secretary Steven Mnuchin to address the proposed regulation before it became final. In addition, Congressman Adrian Smith and his staff has been involved with discussions with both Treasury and Office of Management and Budget (OMB) officials on this matter.

In July 2020 the Council organized a call with OMB and Treasury officials on the proposed regulation including Dawn Caldwell from Aurora Cooperative and Matt Caswell from AGP wherein we pressed these officials with negative tax impacts that would be felt by farmer cooperatives and their member owners if non-patronage income was excluded from the DPAD calculation.

Unfortunately, on the last day of the Trump administration on January 19, 2021, Treasury finalized what we believe to be regulation inconsistent with the law.

The Council was able to work with Senator Sasse’s office to include the 199A regulation issue as part of the Senate Finance Committee’s written questions to Secretary of the Treasury, Janet Yellin, as part of her confirmation process. This has provided an avenue for continued follow-up with the Biden administration that the National Council of Farmer Cooperatives continues to

pursue.

COVID-19

Like every other person and organization, the Council has had to adapt and adjust to the Covid-19 global pandemic. In the early days in March and April 2020, this included funneling of significant amounts of federal and state legislative and regulatory information to our membership.

Initial closures of state and federal offices led to issues concerning the renewal of CDL licenses, the application for and receipt of seasonal CDLs, the issuance and renewal of pesticide application certifications, the weight limits on the transportation of commodities, and the host of employee related measures passed by Congress from specialized leave policies to the Payroll Protection Program. In addition, we advocated with Nebraska governmental officials the need to keep the business of agriculture essential to allow for the spring planting season and routine transportation of commodities to continue.

Compared to what cooperatives faced in many other states, the cooperative industry in Nebraska was fortunate to have elected state officials and agency regulators from the Governor's office, the Department of Agriculture and the Department of Motor Vehicles who understood Nebraska agriculture, the work of the farmer owned cooperatives and were able to work with us to make sure that operations continued as smoothly as possible.

As the pandemic progressed into 2021, the Council coordinated with the Nebraska Department of Agriculture and the Nebraska National Guard to provide initial vaccine registration information to our cooperative members to facilitate vaccinations as soon as they could become available.

2020/21 EDUCATION PROGRAMS

Due to Covid, all of our 20/21 programs for this winter were converted to virtual programs.

In general, the programs went better than we anticipated and while numerous directors mentioned in their evaluations that they preferred in person programs, they still found value in the virtual programs. Additionally, we had co-ops/directors participate that had not been involved for many years. In fact attendance for the Director Certification Program was higher in 2021 than in 2020 when we offered the program in person. So through the virtual delivery we were able to reach members that normally would not attend.

Because of this, we are reassessing how we structure future cooperative education programming.

The Excellence in Cooperative Education Committee met in late March to review programming topics and discuss platforms for the continued delivery of education programs to our cooperative members. We are currently developing options for in-person and virtual attendance at some programs, a menu of drop-in short virtual programs and in-person programs for the Director Manager Workshop and Board Leadership Seminar. As we finalize program topics we will report

the slate of programs and attendance options this fall.

Director/Manager Workshop (DMW)

Our 2020 workshop titled—"Battlefield Intelligence Update - How Covid-19 and Current Trends Impact the Farmer of the Future and Farmer Cooperatives"—was held December 8th from 9am-12noon. The facilitator was Brett Sciotto from Aimpoint Research. This program was an update to the program Brett provided in 2019 with special emphasis on how Covid impacted these trends.

Once again, this presentation provided a lot of information for cooperative directors to process as they plan for the future. This year we coordinated with the state councils in Iowa, Kansas, Oklahoma and South Dakota to offer the program to all of our memberships.

There were 187 registered for the program (NE-83, IA-72, KS-17, OK-3, SD-12). In comparison, final attendance for our 2019 and 2018 in-person workshops were 78 and 86 respectively. The strong Nebraska attendance indicates recognition that Aimpoint Research continues to be a thought leader in forecasting agricultural trends that will impact farmer owned cooperatives and the producers they serve.

Director Certification Program (DCP)

DCP is a four-phase program covering all aspects of the roles and responsibilities of directors and how these differ from the manager. To date 8,430 phases have been completed. This year's 11 graduates increased the total number of graduates to over 1,695. CoBank cosponsors the program with the Council.

All four phases were conducted in 2021 on January 4th (Ph 1), 5th (Ph 2), 6th (Ph 3) and 7th (Ph 4). Instructors were Ed Woeppel (Phase 1); Rocky Weber (Phases 1, 2 and 4); Tom Houser, CoBank (Phases 2 and 3); Dr. Keri Jacobs, University of Missouri (Phases 2 and 3); and retired manager Rod Schroeder of Ashland and current director Neil Stedman of Frontier Co-op-Lincoln (both for the Phase 4 panel).

A total of 63 phases were completed with 7 directors and 1 Participating Member taking all 4 phases in January. In comparison, we had 54 and 51 phases completed in 2020 and 2019 respectively.

Graduate Director Seminar (GDS)

GDS is for directors who have completed all four phases of DCP and have served on their local cooperative board for several years.

This year, GDS was held on February 3rd from 11am-2pm and focused on serving farmer segments. Dr. Scott Downey from Purdue University facilitated the seminar. During his presentation, he (1) shared the makeup and statistics that describe segments of farmers, (2) discussed what makes each of these groups unique, and (3) identified considerations for how co-ops might bring value for each segment. This program proved to be an excellent follow up to the Director/Manager Workshop presentation in December.

A total of 38 individuals participated. In comparison, we had 48 and 59 in 2020 and 2019 respectively.

Board Leadership Seminar (BLS)

We did not hold our Board Leadership Seminar this year as we did not feel we could deliver a quality BLS in its present format via zoom. We plan to hold BLS next February in-person with its ever-popular open discussion format.

Director/Manager Workshop 2.0 (DMW 2.0)

In place of BLS, we developed a new program - the Director/Manager Workshop 2.0 on “Rising Cooperative Equity and Retained Earnings - An Interstate Comparison and Discussion on Trends and Directions”. It was held on February 18th from 9am-11:30am. Dr. Brian Briggeman from Kansas State University led the program discussing his latest research involving a multi-state comparison of Rising Equity and Retained Earnings for U.S. Farmer Cooperatives.

A total of 57 individuals (including 6 from 2 Colorado cooperatives) participated in the program.

AG LEADERSHIP PROGRAM

When the Council engaged in the Legacy Research Initiative two years ago, we learned many things regarding perceptions of cooperatives in the state. One of the recommendations to come out of this study was to create some type of young cooperative leader program that would focus on educational and leadership development for future cooperative leaders.

In response to this recommendation, the Council’s Board of Directors has approved the creation of the “Ag Leaders For Tomorrow” program. The mission of this program is to provide a unique value experience to young cooperative patrons to develop them into the “Farmers of the Future” and to develop a new generation of agricultural cooperative advocates.

The specific objectives are:

1. To provide educational programming for young members that they can not get anywhere else focused on providing them the tools to be the Independent Elites or Enterprising Business Builders that the profiles developed by Aimpoint Research point to as the likely surviving farmer profile types by year 2040.
2. To provide networking opportunities for young members and develop more than a customer relationship with their local cooperative.
3. Develop a network of young advocates for agricultural cooperatives.

The target audience will be progressive young farmer/rancher couples (singles) that could/should be leaders in their communities and cooperatives. These individuals will likely form the core of the cooperative’s membership well into the future.

Local cooperatives will be responsible for the recruitment and the costs of couples participating in the program. We would anticipate participating cooperatives supporting 1-3 young couples each year, depending of course on the size of the cooperative and the level of support each wants to provide. The goal would be to have 10-15 young couples involved each year.

We envision the program to include the following components:

- An initial meeting of the group in the fall of 2021. The program will focus on networking and emerging agricultural trends
- Virtual meetings throughout the winter addressing ag technology/ag business management
- Cooperative Policy Advocacy Program in Lincoln during the legislative session combined with a Cooperative Day at the Capitol (March).
- A capstone activity of attending the National Council of Farmer Cooperatives' Governmental Affairs Conference in Washington DC in June 2022 and participating in the Young Cooperative's program offered there as well as further developing cooperative advocacy experience through visits with our Congressional Delegation.

There are many details to be finalized for this program; however, we plan to formally roll out this program with all details late this summer. In the mean time, we hope cooperatives will start thinking of young producers that you would consider to nominate and support to be a part of this unique opportunity.

COOPERATIVE INTERN/NEW HIRE RETREAT

The Council will be hosting our Intern/New Hire Retreat again this year. It is scheduled as a face-to-face program in Kearney on June 17.

While the program has not been finalized, we are planning for an opening Co-ops 101 type session, networking time for interns/new hires, a Producer/Director Farmer Experience round table, and a Face the CEO round table discussion.

The program will be designed to allow for joint sessions and new hires, as well as "separate" tracks for the two groups. During portions of the program, the interns will meet separately to discuss issues specific to their needs while the new hires will do the same thing.

CO-OPS 101 FOR YOUTH

As with all of our other programs this past year, Covid forced us to adapt the Co-ops 101 offerings. Each college campus has different protocols and some even had different course offerings. In some cases, outside presenters were not allowed on campus this year.

Due to these factors, the number of presentations and students reached will be down for this academic year; however, we are confident that next year we will return to previous levels.

On a positive note, we were able to provide a presentation for the first time to the recently created agribusiness program at Wayne State College (WSC).

To date this academic year, we have provided 3 presentations at SCC-Beatrice for 40 students, and then 1 presentation at each of the following: CCC-Hastings for 17 students, NCTA-Curtis for 34 students; University of Nebraska-Kearney for 22 students, and WSC (via zoom) for 31

students.

We have presentations scheduled in April at NCTA-Curtis and at Doane in Crete. We anticipate scheduling 1-2 more presentations this spring pending approval from campus leaders.

NCC-PAC GUIDELINES UPDATED FOR PRE-PRIMARY OPEN SEATS

At its February meeting, the Board of Directors approved a change to the NCC-PAC Guidelines. Up until this point, our efforts have been focused on providing funds and/or endorsements to candidates after the Primary election in May.

With the recent change, the NCC-PAC Guidelines now let the NCC-PAC play a larger role in specific open legislative primaries (no incumbent). This may include the identification, recruiting and vetting of potential candidates as well as pre-Primary funding in legislative campaigns. In 2022 there are six rural districts that will have open seats (It is likely that this will be reduced to 4 upon redistricting as it is anticipated that two seats will become urban districts.)

We will soon be reaching out to those cooperatives in the following Legislative Districts in which the incumbents are term limited for any recommendations on possible candidates that will be cooperative supporters:

- District 24- Mark Kolterman
- District 34- Curt Friesen
- District 36- Matt Williams
- District 42- Mike Groene
- District 44- Dan Hughes
- District 48- John Stinner

NCC OFFICE MOVE

After 51 years in the same building in downtown Lincoln, on December 15, 2020, the Council office moved to the Hruska Law Center at 635 S. 14th Street in Suite 125 which is just across the street from the State Capitol and diagonal from the Governor's Mansion. While we have a few things left to hang on the walls, our new space looks great and is working out very well. In our new space, we have our own Board Room as well as access to a conference room/meeting space for larger meetings that the building shares that we can use (on a first come first serve basis). If you are planning a Lincoln meeting, let us know, we may be able to facilitate meeting space for your needs.

ANNUAL MEETING

The Council celebrated its 75th Annual Meeting in November in a very different manner than we had anticipated. Due to Covid, our planned November 18th face-to-face meeting and evening reception was changed to a zoom call that same afternoon with the entire membership invited to participate. During the meeting (which was recorded and can be [watched here](#)), a special video recognizing our 75th anniversary was shown ([click here to watch it](#)). Incorporated in the video were special comments from Governor Pete Ricketts, U.S. Senator Deb Fischer, and U.S. Congressman Jeff Fortenberry.

[Click here](#) for a copy of the minutes. Per NCC governance, please notify the Council at debm@nebr.coop by April 16, 2021 if there are any objections/errors. If none are received, the minutes shall be deemed accepted as distributed.

The meeting began with Chuck Conner, President & CEO of the National Council of Farmer Cooperatives, providing an update on the federal election and the DC political climate. The business session followed with the financial report by NCC President Rocky Weber, the Chairperson's report from NCC Board Chair David Briggs from Westco in Alliance; the Excellence in Cooperative Education Committee report by ECEC Chair Tim Rowe from Country Partners Co-op in Gothenburg; and the Political Action Committee report by Committee Chair Dean Thernes of Farmers Pride in Battle Creek. Rocky then finished up the business meeting with his President's Report.

Election Committee Chair Jeremy Wilhelm of Frontier Co-op in Lincoln, gave the results of the election for 2 new board members. Re-elected to the Board for 4-year terms were Dave Beckman, Board Chair of CVA in York, and Dean Thernes, President of Farmer Pride in Battle Creek. In addition, Wilhelm announced that the Participating Members had re-elected Mike Hechtner of CoBank for a 2-year term.

The Hall of Fame Induction Ceremony is normally part of our Annual Meeting; however, with the meeting moving to a Zoom, we did not induct anyone in 2020. The Board felt a face-to-face ceremony would provide the appropriate recognition and celebration so all current nominations will be eligible in 2021.

We look forward to celebrating in-person with the membership at our 2021 Annual Meeting, Hall of Fame Induction Ceremony, and Membership Reception on Wednesday, November 17 at the Holiday Inn in Kearney. Please mark your calendars and plan to attend!

2021 COMMITTEE ASSIGNMENTS

As announced at the Annual Meeting, three individuals were re-elected to the NCC Board: Dave Beckman, Board Chair of CVA-York, Dean Thernes, President of Farmers Pride-Battle Creek, and Mike Hechtner of CoBank. Officers for the upcoming fiscal year were also elected by the NCC Board. Re-elected were David Briggs as Chair, Thernes as Vice Chair, and Beckman as Secretary. In addition, standing committees have also been reorganized. [Click here](#) for the new committee makeup which became effective on January 1, 2021.

NCC NEW MEMBERS

The Council welcomes three new members for 2020/21:

Supporting Member - Campbell, Shaffer & Co., PC in Enid, OK

Telephone Member - Hemingford Co-op Telephone Co. in Hemingford

Out of State Member - Great Bend Co-op in Great Bend, KS

CHS EXPANDS E15 AVAILABILITY

Participating Member, CHS., Inc, has announced that it will expand access to higher ethanol blend fuels by offering E15 through 10 additional fuel terminals starting in early April 2021.

CHS is registered with the U.S. Environmental Protection Agency (EPA) as an E15 manufacturer and sells E15 as an approved grade of fuel through its Cenex brand retail locations.

CHS plans to offer E15 at the following Nustar terminals: North Platte, Nebraska; Geneva, Nebraska; Council Bluffs, Iowa; Milford, Iowa; Rock Rapids, Iowa; Sioux Falls, South Dakota; Yankton, South Dakota; Wolsey, South Dakota; Salina, Kansas; and Concordia, Kansas. CHS has offered E15 through its McFarland, Wisconsin, terminal since January 2021.

To make E15 more accessible, CHS has removed barriers for its Cenex brand retail locations by establishing an EPA-approved misfueling mitigation plan and establishing E15 as a qualifying grade of fuel.

CALENDAR OF UPCOMING EVENTS

- Wed, November 17, 2021 - NCC Annual Meeting, Hall of Fame, and Evening Reception - Kearney, Holiday Inn
- Thu, November 18, 2021 - Director/Manager Workshop - Kearney, Holiday Inn

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