What’s new?

Tennessee Farmers Eligible for Whole Farm Revenue Insurance Protection for 2008

NASHVILLE, TN- Agriculture Commissioner Ken Givens announced Nov. 15 that TN farmers will be eligible for whole-farm revenue insurance protection for crops and livestock beginning in 2008. Known as Adjusted Gross Revenue-Lite (AGR-Lite), the plan provides protection against unavoidable natural disasters and market fluctuations that affect farm income. The insurance plan differs from standard crop insurance in that multiple agricultural commodities can be insured with one product.

“This is great news for TN farmers. AGR-Lite is much more suited to the type of agriculture that we have in this state,” said Givens. “This insurance product will be especially beneficial to Tennessee’s diversified and small farms that depend on multiple crops and livestock for farm revenue. This plan will be important in helping TN farmers mitigate future production losses like the ones we’ve experienced this year due to drought and freeze.”

In October, USDA Risk Management Agency deputy administrator Tim Witt confirmed approval of that agency’s expansion of AGR-Lite coverage for TN. In 2005, the TDA began the application process to make AGR-Lite coverage available to TN farmers with the objective of helping small farms reduce risk. As part of that process, TDA worked with the UT Extension in conducting a risk assessment of all of Tennessee’s crops and livestock production. The whole farm revenue concept of crop insurance was developed in 2003 specifically to respond to the needs of small farms. AGR-Lite and other crop insurance products are administered and subsidized by the USDA Risk Management Agency.

Producers interested in AGR-Lite should contact an agent who sells crop insurance. USDA-RMA publishes policy materials and a list of agents on its Web site at: [www.rma.usda.gov/tools/agent](http://www.rma.usda.gov/tools/agent). This and other news from the Tennessee Department of Agriculture is available online at: [www.tennessee.gov/agriculture/news](http://www.tennessee.gov/agriculture/news) or [http://picktnproducts.org/media.html](http://picktnproducts.org/media.html). Contact: Tom Womack, 615.837.5118 or tom.womack@state.tn.us.

New Agricultural Exemption Eases Farmer Transactions

Transactions for Farmers NASHVILLE, TN- The Department of Revenue’s Taxpayer and Vehicle Services Division is in the process of educating and registering qualified farmers, nursery operators and timber harvesters regarding upcoming changes in Tennessee’s agricultural exemptions from sales and use tax. Effective Jan. 1, 2008, those purchasing qualified farm equipment, seed and other tax-exempt farm and nursery supplies must present proof of their status as an exempt farmer, nursery operator or timber harvester by providing a copy of their Agricultural Sales and Use Tax Certificate of Exemption directly to the seller.

“The new law allows for total, rather than partial, exemptions for specific qualifying purchases and keeps current exemptions in place,” said Revenue Commissioner Reagan Farr. “The new exemption will make transactions more convenient for farmers who can enjoy automatic tax-free purchases, instead of filing refunds later with the department for taxed purchases.”

Those who have not been determined automatically to qualify for the exemption are required to fill out an application and file it with the department to receive a certificate authorizing tax-exempt purchases. Those who believe they qualify (please see qualification requirements below) may view and print an application at Revenue’s Web site, [www.Tennessee.gov/revenue](http://www.Tennessee.gov/revenue). In order to qualify for the exemption, a person or business must meet at least one of the following criteria:

1) Own or lease land where (Continued on page 2)
New Agricultural Exemption Eases Transactions for Farmers
(Continued from page 1)

$1,000 or more of agricultural products are produced or sold during a year
2) Provide for-hire agricultural services of plowing, planting, harvesting, growing, raising or processing agricultural products
3) Own land that qualifies for taxation under the Agricultural, Forest and Open Space Land Act of 1976
4) File Schedule F or farm rental activity Form 4835 or Schedule E on Federal tax returns

In the absence of the above criteria, establish to the commissioner that he or she is in business of producing agricultural commodities. Backyard gardeners and other purchasers not meeting one of these criteria will not qualify for the exemption. Please visit the department’s website at www.Tennessee.gov/revenue to view important notices and other information about qualification requirements and tax-exempt purchases.

“The new exemption certificate will ensure that qualified farmers, nursery operators and timber harvesters are easily able to take advantage of sales and use tax exemptions for eligible purchases,” Farr said. Machinery or appliances used directly for producing agricultural and nursery products are no longer required to cost more than $250 to be exempt. The previous 1.5% sales tax rate has been repealed and a total exemption is available to qualified persons for electricity, natural gas and liquefied gas, as well as coal, wood, wood products or fuel oil used as energy fuel to produce food or to grow horticultural products. Repair and replacement parts and labor continue to be exempt on all qualified farm machinery and equipment. Dyed diesel fuel used for agricultural purposes continues to be exempt from sales and use tax and will be exempt for timber harvesting as of Jan. 1. Additionally, all-terrain vehicles (ATVs) used directly in the production of agricultural or nursery products will be tax-exempt, with qualified purchasers no longer required to pay the tax up front and file later for a refund.

Items that are exempt from sales and use tax when sold to persons who have received an Agricultural Sales and Use Tax Certificate of Exemption (per Public Chapter 602, Section 79) include:
• Any appliance used directly and principally for producing agricultural products
• Grain bins and attachments
• Aircraft designed for crop dusting
• Equipment used for harvesting timber
• Livestock trailers
• Self-propelled fertilizer or chemical application equipment
• Systems for environment control, feeding, watering and egg conveyance for poultry
• Replacement parts and labor for previously qualifying equipment
• Gas or diesel fuel used for agricultural purposes (does not include premixed gas and oil of one gallon or less)
• Seed, seedlings, plants, fertilizer and pesticides used to produce food or fiber, including tobacco, for human or animal consumption
• Farm containers and plastic or canvas covers used in raising plants, including tobacco, for human or animal consumption
• Feeds and drugs for livestock
• Agri-sawdust
• Electricity, wood, propane, coal, gas and fuel oil used in the production of food or fiber for human or animal consumption or in the production of nursery and greenhouse crops

Purchasers must provide a copy of the Agricultural Sales and Use Tax Certificate of Exemption issued by the Department of Revenue, a copy of a wallet-sized exemption card also provided by Revenue or a fully completed Streamlined Sales and Use Tax Certificate of Exemption when making purchases after Jan. 1, 2008. Sellers must keep copies of one of these documents on file and include the buyer’s name, address and description of tax-exempt purchases on each invoice. Farmer’s affidavits will no longer be valid after Jan. 1, 2008.

The department mailed Agricultural Sales and Use Tax Certificates of Exemption to those who were determined automatically to qualify for the exemption. Those who have already received a certificate do not need to fill out an application or file additional documentation with the department. Receipt of a certificate serves as the notice of sales tax exempt status. Those who have received an exemption in error should indicate so on the certificate and mail it back to the department. The Department of Revenue is responsible for the administration of state tax laws and motor vehicle title and registration laws established by the legislature and the collection of taxes and fees associated with those laws. The Department of Revenue collects approximately 92% of total state tax revenue.

During the 2006-2007 fiscal year, the department collected $11 billion in state taxes and fees. In addition to collecting state taxes, $1.9 billion of local sales tax was collected by the department for local governments during the 2006-2007 fiscal year. Besides collecting taxes, the department enforces the revenue laws fairly and impartially in an effort to encourage voluntary taxpayer compliance. The department also apportions revenue collections for distribution to the various state funds and local units of government. To learn more about the department, log on to: www.Tennessee.gov/revenue. This and other news from the TDA is available online at: www.tennessee.gov/agriculture/news or http://picktnproducts.org/media.html. Contact: Sophie Moery, 615.741.2461.
Question of the Week

Q: I have heard a new fumigant has been approved that might replace methyl bromide. Could you tell me more about that? - B.R.

A: Methyl iodide or iodomethane (Midas) is the new compound. The following article appeared in the Kentucky Pest News on October 22, 2007 and discusses the pros and cons of Midas:

POTENTIAL REPLACEMENT FOR METHYL BROMIDE RECEIVES A 1-YEAR REGISTRATION IN U.S. By John Hartman, Kenny Seebold, and Paul Vincelli

The U.S. Environmental Protection Agency recently granted approval to Arysta LifeScience for the use of iodomethane, also known as methyl iodide, for one year on strawberries, tomatoes, peppers, ornamentals, turf, trees, and vines. Iodomethane is an alternative to methyl bromide, an extremely volatile soil fumigant that was widely used as a pre-plant treatment to control soil-borne plant pathogens, nematodes, weeds, and insects prior to implementation of the Montreal Protocol. The latter stipulates that many uses of methyl bromide, including agricultural applications, be phased out due to the ozone-depleting nature of this compound. Currently, many uses of methyl bromide have been discontinued and others, such as pre-plant pest control for tomatoes, and peppers, are covered under "critical use exemptions" granted to certain states, including Kentucky. Critical use exemptions allow application of a limited amount of methyl bromide on high-value crops in situations where acceptable alternatives to the fumigant have not been identified; exemptions are granted on year-by-year basis. The cost of methyl bromide, consequently, has risen as supplies have diminished. The combination of strong pest control and low environmental risk has put iodomethane at the top of the list of potential replacements for methyl bromide. Iodomethane is a close chemical relative of methyl bromide and shares many of its characteristics, including acute toxicity. However, the new material does not pose same threat to the ozone layer of our atmosphere as does methyl bromide. The reason for this is that bromine is extremely reactive with ozone, and can persist in the upper atmosphere for up to two years, while iodine is degraded in the lower atmosphere within 12 days of its release. In terms of efficacy, iodomethane’s performance has been similar to methyl bromide across numerous trials.

The temporary registration that EPA granted for iodomethane contains very strict provisions to minimize potential risks associated with its use. The commercial formulation of iodomethane, called Midas, will be classified as restricted use. Buffer zones will be imposed to reduce off-target exposure, and size of zones will be based upon soil type, application rate, application method, and type of tarp (cover) used by the applicator. No more than 40 acres can be treated by an applicator per day, and the user must take measures to prevent re-entry into buffer zones for 48 hours (five days for treated fields) after application. Iodomethane cannot be used within 0.25 miles of schools, day-care facilities, hospitals, nursing homes, playgrounds, or prisons. Applicators and associated workers must wear appropriate protective equipment, including respirators, during the treatment process. At the end of the one-year registration period, iodomethane will be evaluated in terms of the effectiveness in mitigating risks to people and the environment along with other soil fumigants and full registration will depend upon the outcome of the evaluation.

The arrival of iodomethane has been welcomed by most producers, who see this compound as a safe and environmentally friendly replacement for methyl bromide. On the other hand, the EPA’s announcement has aroused concern among some scientists. In the weeks before the EPA granted approval to iodomethane, a group of scientists that included several Nobel laureates drafted a letter to the agency expressing concern over wide-scale use of iodomethane and recommending that registration not be granted. High on the group’s list of grievances was the acute toxicity of iodomethane, which the scientists believe poses an unacceptable risk to pregnant women, children, the elderly, and farm workers, and carcinogenicity. The EPA has countered that its decision was based upon extensive testing over a four-year period and thorough analysis of potential risks, and believes that risk-mitigation requirements are adequate to ensure safe use of iodomethane.

(Continued on page 4)
Upcoming Events

Application of Precision Agriculture for Fruits & Vegetables, January 6-9, 2008, Orlando, FL
The event will be held at the Grosvenor Resort in downtown Disney World. For more information, including a list of discussion topics, visit http://www.precisionag2008.com or e-mail info@precisionag2008.com.

High Tunnels 101, January 8, Toledo, OH, January 24, Mt. Hope, OH, January 25, Bath, OH, February 15, Granville, OH, March 7, Plymouth, OH
An opportunity for growers interested in season-extension to learn the ABCs of high tunnels: how they work, where to buy them, how to build them, their benefits, drawbacks and other key information. To learn more, visit: http://extension.osu.edu/~news/story.php?id=4386 or contact Matt Kleinhenz, 330.263.3810, kleinhenz.1@osu.edu; or Ron Becker, 330.264.8722, becker.4@osu.edu.

High Tunnels Workshop and CSA Workshop, January 10, 2008, Ramada Inn, St. Joseph, MO
For more information, contact Ted Carey (email tcarey@ksu.edu or phone 913.856.2335).

Southeast Regional Fruit and Vegetable Conference, January 10-13, 2008, Savannah, GA
For more information, contact Rebecca Smith (phone 877.994.3842 or visit: www.gfvga.org).

For more information, visit the SAWG website: http://www.sawg.org/.

Conference details will be made available in the next few months and will be posted on the Center for Profitable Agriculture’s Website at http://cpa.utk.edu.

For more information, call 540.667.9101 or email lwhite@green-inc.com.

World Ag Expo, February 12-14, 2008, Tulare, CA
For more information, visit http://www.worldagexpo.com/.

Winter Vegetable Conference and NC Tomato Growers Meeting, February 21-22, 2008, Asheville, NC
For more information, contact Jeanine Davis at 828.684.3562 or jeanine_davis@ncsu.edu.

Greenhouse Tomato Short Course, March 4-7, 2008, Jackson, MS
For more information, visit: http://www.msstate.edu/dept/cmrec/ghsc.htm.

Methyl Bromide Replacement (Continued from page 3)

How this all plays out remains to be seen, but it appears that the EPA has taken extra precautions to minimize human exposure. Growers who use soil fumigants are aware that methyl bromide is also very toxic to humans and that extreme care is needed for its use. It would appear that introduction of iodomethane is merely substituting one widely used, but valuable, toxic chemical for another, but this time, one less harmful to the ozone layer.

This article originally appeared in the Kentucky Pest News, Number 1146, from October 22, 2007 (www.uky.edu/Ag/kpn/pdf/kpn_1146.pdf).