

**North Carolina Sustainable Local Food
Advisory Council Minutes
January 19, 2012**

The ninth meeting of the Sustainable Local Food Advisory Council (Council) was held January 19, 2012, at the Martin Building on the NC State Fairgrounds in Raleigh, NC. Council Chair, Commissioner Troxler, opened the meeting at 1:06 pm.

Members in Attendance

Mr. Jamie Ager	Mr. Charlie Jackson
Dr. Alice Ammerman	Rev. Mac Legerton
Dr. Nancy Creamer	Mr. Roland McReynolds, Esq.
Mr. John Day	Mr. Barry Nash
Ms. Debbie Hamrick	Mr. Randall Patterson
Ms. Linda Harris	Mr. Tommy Porter, Jr.
Ms. Savonala Horne	Commissioner Steve Troxler
Ms. Jane Iseley	Dr. Joe Zublena

Also in Attendance

Diane Beth was in attendance for Dr. Jeffery Engel
Zoe McKay-Tucker was in attendance for Dr. Lynn Harvey

Absent Members

Mr. Uli Bennewitz	Mr. Phil Hudson
Mr. Ted Burch	Ms. Earline E. Middleton
Secretary Keith Crisco	Mr. Willy Phillips
Mr. Billy Ray Hall	Ms. LaTisha Watford

Opening Comments

Commissioner Troxler welcomed the Council as well as those in attendance. He gave an update that it has been a trying year in North Carolina agriculture, farmers have been adversely affected by the drought, hurricane, and tornadoes. Commissioner gave statistics about crop production in North Carolina. Tobacco has suffered a big loss due to Hurricane Irene, peanuts are up 900 lbs/acre and cotton yield is down 25%, . He is optimistic for 2012.

Commissioner Troxler discussed the addition of the N.C. Forest Service to the N.C. Department of Agriculture and Consumer Services. When they joined the Department, it seemed like half of eastern NC was on fire, and drought conditions continue. The water table is down three feet, and they are preparing for an active spring fire season.

Commissioner Troxler introduced Kristen Baughman. She was an intern and helped him with his class at NC State University; she is completing her Masters in Extension Education. Kristen will be working with Ms. Joy Hicks and the Council.

Approval of the Minutes

Ms. Debbie Hamrick made a motion to approve the minutes of the September 22, 2011, meeting as presented. The motion was seconded by Mr. John Day. Diane Beth will be noted as the designee for Dr. Jeffrey Engel in the minutes. The minutes were unanimously approved.

**North Carolina Sustainable Local Food
Advisory Council Minutes
January 19, 2012**

Present Use Valuation (PUV)

Mr. Julian Philpott, NC Farm Bureau, led the Council in a presentation regarding the history of PUV and the NC Use-Value Advisory Board.

Items included were as follows:

- Law was passed to create the PUV Tax Program on Jan. 1, 1974 in order to keep farms in the hands of the farm family and production open space. The law came into place because of rapid growth. Corporations could not qualify, program was intended for individuals. Certain types of business can qualify.
- Acreage requirements were put into place, including a minimum of 20 acres of forest land to qualify, 10 acres of agriculture land in production, and 5 acres of horticulture land. Must meet a sound management plan.
- Gross income requirement is \$1,000 per year; must average that value for 3 years preceding the date of application.
- Use-Value Advisory Board reviews data like statewide cash-rent surveys and approves the Use-Value Manual. Manual goes to Department of Revenue and is distributed to every county.
- To obtain the manual and more information about the PUV Tax Program, go to Department of Revenue website. Manual can be found at this link:
http://www.dornc.com/downloads/uvab_manual_2011.pdf
- Dr. Joe Zublena is chairman of the Advisory Board. Other members include Mr. David Andres, Mr. David McLeod, Mr. Stan Duncan, Mr. Don Hunsucker, Dr. Daniel Lyons, Mr. David Baker, Mr. Julian Philpott, and Mr. Robert Slocum.
- Seminars for attorneys across the state have been conducted to discuss a farmers business operations. Attorneys should go to the tax office and make sure they understand the PUV program as they try to do tax planning/set up corporations with farmers.
- County Commissioners are concerned with this program.

Mr. Stan Duncan, Henderson County Tax Assessor, led the Council in a discussion about PUV and how it works in his county.

Items included were as follows:

- Mentioned conservation agreements. Henderson County views PUV as being a program for commercial production of a farm commodity and for timber. The word commercial is a huge aspect of the PUV program.
- Read every conservation agreement separately; the donor drives that document. What the donors restricts, he's taking out of the market. Want to protect the family farm and encourage green and open space.
- Two tax relief programs in January 1974 included the elderly and disabled, and PUV. In January 2012 there are eight tax relief programs; some of these have piggy-backed on the PUV program. As an assessor he opposes this because PUV had to survive on its own merits, now everyone is copying it.
- Discussed the challenges to PUV from a county assessor viewpoint and member of PUV Advisory Board.
- Every time a new tax relief program implemented, homeowner taxes go up.

**North Carolina Sustainable Local Food
Advisory Council Minutes
January 19, 2012**

Action: Joy will put the presentation online for the Council to view.

Edgar Miller, Conservation Trust for NC, addressed the Council.

Items included were as follows:

- Thanked Council for support, especially Farmland Preservation and for the opportunity to get a position on the Council.
- Described land trust role in farmland preservation and access, which prevents development on the property in general. Would prefer to put an easement on it and keep it in private ownership, but they are finding they are the owner for the last resort to keep it in farming.
- In some cases the land has been idle for years and they want to make it accessible to new farmers, incubator farms and community gardens.
- There are some major barriers: non-profits are not eligible for PUV and have to pay property taxes. On a decent size farm it can be a cost from \$2,000-\$20,000 a year.
- When farmland is purchased in PUV, the deferred taxes must be paid at closing which drives up the cost and amount of money received by landowner.
- Have not been able to get farmland exempt from property taxes for modified farm purposes; it might create an unlevel playing field for farmers farming on our land instead of their own.
- The simplest, but most controversial, solution would be to make certain non-profits eligible for PUV; not advocating this solution.
- Want to work with others to come up with a new way of looking at this to give an equitable tax treatment. PUV is the number one tool.

Mr. David Heeks, Farmer, addressed the Council.

Items included were as follows:

- He is leasing land from a private owner in Orange County and securing access to land is an issue facing him because land is valued for development, he is out-priced.
- Upstate New York has a program that prevents a farm from becoming overpriced when it is moved on to the next generation. The program has provisions for inheritance and requires a level of agricultural income to ensure the land remains productive.
- Cannot do this in North Carolina because of PUV. He feels the model from New York could help to preserve farm land and gives farmers access to land at an affordable rate.

Mr. Jeff Masten, Triangle Land Conservancy, addressed the Council.

Items included were as follows:

- Works with landowners to conserve farm land and the biggest tool is trying to make sure and stays productive, does not mean that it is placed under easement.

**North Carolina Sustainable Local Food
Advisory Council Minutes
January 19, 2012**

- Works with communities on agriculture plans in Chatham, Wake, Lee, and Johnston counties.
- Works with Agricultural Preservation Trust Fund to receive grants to keep farms in production.
- Challenging in urban areas to keep farms farming and incubate new farmers because land prices are high and land availability is difficult. Want to put land back in production but tax rules do not allow us to do that.

Commissioner Troxler stated that different dynamics are in play and opened the floor for any questions.

Ms. Savi Horne addressed the Council about a meeting she had in Minnesota with investors. They were thinking of creating a private commons in farm land, modeled after sharecropping. She would like to see the Council committed to getting minorities involved in farming. She would like the Council to be more proactive.

Ms. Debbie Hamrick asked if it is possible to structure trusts so that they could get PUV? Mr. Julian Philpott answered that under the present framework the current land trust could not qualify because it goes back to the individual creating that trust, and active management by that individual.

Creation of PUV Work Group

Mr. Joe Zublena, chair of the PUV Advisory Board stated that someone from the Council can interface with the Board in their discussions.

Mr. John Day made a motion to create a work group focusing on PUV and to set goals, which was seconded by Ms. Debbie Hammrick and passed unanimously.

Mr. Charlie Jackson asked the number of acres in PUV.

Action: Mr. Stan Duncan will send the latest from a report to Joy. Joy will send this to the full Council.

Mr. Rolland McReynolds agreed to chair the work group. Mr. Barry Nash, Ms. Savi Horne, Dr. Nancy Creamer, Ms. Jane Iseley, Rev. Mac Legerton, Mr. Charlie Jackson, Ms. Debbie Hammrick and Dr. Alice Ammerman volunteered to serve on the work group. The goal of this work group will be to identify property tax policies that would benefit small-scale and beginning farmers. Specifically, the work group will examine the interests of small-parcel agricultural land owners and land trusts in its research. The work group will coordinate with the PUV Advisory Board to understand potential impacts of any policy change on county tax revenues and develop recommendations for the Council.

Local Produce Safety Initiative Progress Report: Small Farms' Experience with GAP's

Mr. Rolland McReynolds, Executive Director, Carolina Farm Stewardship Association presented information regarding the Local Produce Safety Initiative. Highlights include that the NC Fresh

North Carolina Sustainable Local Food Advisory Council Minutes January 19, 2012

Produce Safety Task Force identified that GAP audit regimes are not well-suited to small-scale farms and they recommended that NCDA&CS and NC State University establish a program for small farmers. Technical assistance was provided to twelve farms to aid them in completing GAP audits. Farms will undergo these audits and Dr. Audrey Kreske will be there during the audits; Mr. Gary Bullen from NC State University is working to conduct analysis of data. A guide on cost-effective, scale-appropriate GAP certifications and the estimates of the costs and solutions will be published in fall of 2012. The guide will be a tool for small farms and diversified farms to meet the requirements of the buyers. More information can be found at www.gapsmallfarmsnc.wordpress.com

Implementation Planning for the 2011 Council Recommendations

Ms. Joy Hicks discussed the spreadsheet of the Council's thirteen recommendations; a number of items require legislative action. These recommendations were due in the Annual Report on October 1, 2011 and can be found on the Council's website. The one-page legislative action document was also discussed. Ms. Joy Hicks also reported that the executive council discussed how a slide show will be developed for members to use in order to communicate outside of the Council. If you have slides, please send them to Kristen.Baughman@ncagr.gov or Joy.Hicks@ncagr.gov.

Action: Kristen and Joy will provide a slide show to the members to talk about the Council-Speakers Bureau program.

Subcommittee Work Plans

Dr. Alice Ammerman, chair of the Health, Wellness, Hunger and Food Access Subcommittee, stated they are working on expanding input based on the Farm to Fork working group of people interested in health and wellness. Subcommittee meetings will include this larger group, recognizing they cannot all vote. The subcommittee is working with Ben Champan about best management practices and the issue of school gardens and food safety. Diane Beth is being tasked with number 10, interagency collaboration. The subcommittee has not met.

Mr. John Day, chair of the Land, People, and Natural Resources Subcommittee stated they will refine items six and eight from the 2011 Annual Report and identify partners and allies. The subcommittee will also discuss pulling communications together among and across the various elements of the North Carolina food system. The subcommittee has not met.

Ms. Debbie Hammrick, chair of the Economic Development & Infrastructure Subcommittee discussed her presentation with Mr. Rolland McReynolds at the legislature about her subcommittee's work. She asked permission of the Chair to approach the task of introducing legislation and asking for the money needed by the Council. The subcommittee met on January 3, 2012. One of the subcommittee's recommendations is to have listening sessions. One occurred at the Carolina Farm Stewardship Meeting on November 11, 2011. Ms. Debbie Hammrick yielded her time to Mr. Rolland McReynolds to discuss the listening session. The subcommittee will distribute a draft of the notes to the Council from these listening sessions

**North Carolina Sustainable Local Food
Advisory Council Minutes
January 19, 2012**

Action: Mr. Rolland McReynolds will distribute notes to the Council from the listening session.

Action: Subcommittee chairs will submit the dates of their meetings to Joy.

Other

The next Council meeting will be April 26, 2012. During this meeting a new chair will be elected and we will discuss if chairs of subcommittees should be changed.

Action: Joy is finding another location because the Martin Building is not available for the April meeting.

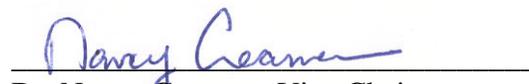
Ms. Debbie Hammrick made a motion to close the meeting, which was seconded by John Day and passed unanimously. The Council meeting adjourned at 3:43 pm.

Prepared by:
Kristen Baughman
NCDA&CS

Adopted by the Council this 26th day
of April, 2012



Commissioner Steven W. Troxler, Chair
Sustainable Local Food Advisory Council



Dr. Nancy Creamer, Vice Chair
Sustainable Local Food Advisory Council