Crop Insurance Premiums and Conservation Incentives

Crop insurance premiums are determined each year based largely on several factors including the indemnity price of the insured commodity, on the user's yield and risk characteristics, and on a large number of actuarial factors established by the Risk Management Agency (RMA) based on prior loss experiences. The premiums are determined in a manner intended to be "actuarially fair", or to result in a loss ratio that equates premiums paid in and premiums paid out over time (Gary Schnitkey and Bruce Sherrick, Department of Agricultural and Consumer Economics University of Illinois).

Similar to other types of insurance (auto, home, etc) premium rates are determined by risk characteristics, the value of the insured asset, and the coverage level. Specific practices employed and implemented by farmers are not taken into consideration when determining farmer paid premiums.

Federal Conservation Cost Share Programs

The federal government offers a variety of programs aimed at incentivizing certain working lands conservation practices through direct cost-share financial assistance to participating farmers.

These programs offer financial and technical assistance to help eligible agricultural producers:

- Construct or improve water management or irrigation structures (Agricultural Management Assistance - AMA)
- Improve resource conditions such as soil quality, water quality, water quantity, air quality, habitat quality, and energy (Conservation Stewardship Program - CSP)
- Implement conservation practices, or activities, such as conservation planning, that address natural resource concerns on their land (Environmental Quality Incentives Program - EQIP)

The federal government also offers financial and technical assistance aimed at specific conservation practices through working land easements.

These programs are available to eligible landowners to conserve working agricultural lands, wetlands, grasslands and forestlands:

- Protect working agricultural lands and limit non-agricultural uses of the land, or wetlands and their benefits, through Agricultural Land Easements or Wetland Reserve Easements (Agricultural Conservation Easement Program - ACEP)
- Help landowners restore, enhance and protect forestland resources on private lands and promote the recovery of endangered or threatened species (Healthy Forest Reserve Program - HFRP)

State Based Initiative in Iowa

In the fall of 2017, the Iowa Department of Agriculture and Land Stewardship (IDALS) announced a new program aimed at increasing acres of cover crops in Iowa. Farmers who planted cover crops in the fall would be eligible for a $5 per acre premium reduction on their crop insurance for the subsequent year. This program was created by IDALS, using money from the State of Iowa, in cooperation with the United States Department of Agriculture’s (USDA) Risk Management Agency (RMA), who oversees federal crop insurance. This program is a three-year demonstration project aimed at expanding the usage of cover crops in Iowa. This program does not change how federal crop insurance premium rates are calculated and does not use any federal dollars. The state based program simply uses dollars from the State of Iowa general fund to pay a portion of the crop insurance premium a farmer owes.

Proposals to tie premium rates to conservation practices

Proposals have been offered by varying environmental organizations to create reforms to the federal crop insurance program to require or incentivize the adoption of certain conservation practices such as strip till, no till, and cover crops. These proposals have included offering lower farmer paid premiums or higher premium subsidies for the adoption of conservation practices. Conversely, other proposals have
taken the approach of penalizing producers for not adopting conservation practices (beyond what is required to maintain conservation compliance) by charging higher crop insurance premiums on farmers or reducing government funded premium subsidies.

Discussion Questions:
1. How should the federal government incentivize conservation practices?
2. Should crop insurance be used as a tool to incentivize conservation practices?
3. Should federal crop insurance premiums be decreased when certain conservation practices are implemented?
4. Should federal crop insurance premiums be increased when certain conservation practices are not implemented?
5. Would differential crop insurance premiums based on farmer implemented conservation practices result in competitive distortion between neighboring farmers?
6. How would the federal government enforce this program and certify conservation practices?
7. If no additional dollars were allocated to crop insurance, premium discounts for farmers who implement conservation practices would potentially be offset with higher premiums for farmers who do not implement conservation practices. How would this change your opinion?

Estate Planning
Today, there are many tools for an individual to transfer property to friends, family or charities upon his or her death. Probate is the process which the court oversees the distribution a person’s estate after they die. A streamlined probate process exists for small estates with less than $100,000.

A person who dies without a will is said to have died intestate and has their property distributed according to state law. A person who dies with a will has their property divided according to their wishes after going through the probate process. Other tools are available to avoid probate due to the costs and amount of time it takes to probate an estate. In Iowa, these non-probate options include creating trusts, life estates and gifting assets.

Half of the states throughout the nation have enacted laws which allow some form of transfer on death deeds. These include several Midwestern states such as Indiana, Minnesota, Missouri, and Wisconsin. Transfer on death deeds allow an owner of real property to name a beneficiary of the property which will receive the property at the death of the owner. It allows property to be transferred outside of probate. No rights are given to the beneficiary during the life of the owner. If either a trust or transfer on death deed is challenged in court and found to be invalid the estate will go through the probate process to distribute assets.

There are advantages and disadvantages to using transfer on death deeds. Proponents argue that transfer on death deeds provide more options to individuals during estate planning and offer another avenue to avoid property going through probate. This can save both time and money while allowing families to maintain privacy. The owner has the full control over the property during their life without adding a second owner or joint tenant. Another benefit is that transfer on death deeds, like many testamentary instruments—are revocable. The owner may change the deed if they wish. If someone has a small estate—such a single house—transfer on death deeds can be a useful planning tool for estate planning.

Opponents argue that transfer on death deeds remove the ability to minimize estate taxes. Additionally, the property in a transfer on death deed is not removed from Medicaid eligibility determinations. If circumstances change and the owner no longer has the capacity to revoke the TOD deed in order to qualify for Medicaid (for a reason such as serious illness or mental disability) no one would be able to revoke the transfer on death deed to allow the individual to qualify for Medicaid assistance. Transfer on
death deeds still have the possibility of errors which would make the deed ineffective or require probate. A transfer on death deed that is not executed correctly or has a named beneficiary who has died before the owner will likely still be probated.

**Discussion Questions:**
1. Do farmers currently have enough options when choosing tools for estate planning?
2. Does allowing Iowans to use transfer on death deeds fill a hole in the estate planning process or does it complicate the probate system and real estate transfers?

**Federal Crop Reports**

The USDA releases weekly crop condition reports for different crops grown throughout the United States. In Iowa, corn and soybeans are the two crops with the most significant impact that are reported. Most years, soybean conditions are reported from early June to the middle of October while corn is from mid/late May to the middle of October. These time periods can be adjusted depending on planting and harvesting schedules.

The images below show crop condition reports for Iowa in 2017 and averages over the past five years.

The USDA uses the following definitions for the weekly crop condition reports:

- **Very Poor** - Extreme degree of loss to yield potential, complete or near crop failure. Pastures provide very little or no feed considering the time of year. Supplemental feeding is required to maintain livestock condition.
- **Poor** - Heavy degree of loss to yield potential which can be caused by excess soil moisture, drought, disease, etc. Pastures are providing only marginal feed for the current time of year. Some supplemental feeding is required to maintain livestock condition.
- **Fair** - Less than normal crop condition. Yield loss is a possibility but the extent is unknown. Pastures are providing generally adequate feed but still less than normal for the time of year.
- **Good** - Yield prospects are normal. Moisture levels are adequate and disease, insect damage, and weed pressures are minor. Pastures are providing adequate feed supplies for the current time of year.
- **Excellent** - Yield prospects are above normal. Crops are experiencing little or no stress. Disease, insect damage, and weed pressures are insignificant. Pastures are supplying feed in excess of what is normally expected at the current time of year.
In Iowa crop condition reports are determined from two-three reports per county on a weekly basis looking at both the progress of the crop and the condition. The reports are normally submitted by early Monday for release in the afternoon.

Concerns are raised that just visual inspections do not adequately determine the condition of a crop during the growing season. Also, the visual condition of the crop will change over the course of the season in comparison to its actual yield producing potential.

Researchers at the University of Illinois released a document last year looking at crop condition reports. Their summary:

The analysis in this article indicates that there has been a strong correlation between trend-adjusted U.S. corn and soybean yields since 1986 and the percentage of the crops rated in good or excellent condition at the end of the season. There is an interesting pattern in the correlations across the growing season. The correlations are low early in the season and then rise sharply for corn into mid-July and rise more gradually for soybeans into mid-August. The increasing correlations reflect adjustments in the ratings during the critical reproduction periods for corn and soybeans. While correlations between condition ratings and final yields are lower in the early part of the growing season, and especially poor for the first ratings of the season, ratings as early as mid-June provide some useful information for projecting yields. The key is a proper understanding of the uncertainty inherent in making projections based on early season versus late season ratings.

Discussion Questions:
1. Are the condition reports as useful today with a larger amount of information available from other sources?
2. Do you think changes in traits and technology have changed how valuable visual indicators are in evaluating the condition of crops?
3. Would farmers have enough information to make informed decisions without a weekly crop condition report?

Interstate Highway Overpasses

The Iowa DOT is conducting a wide-ranging study on the future of Interstate 80 (I-80) within the borders of our state. Citing increased traffic congestion, more crashes and fatalities, changes in vehicle automation, and significant anticipated freight traffic growth, a big piece of the study is evaluating the possibility of expanding the number of lanes from the current four to six.

Reconstructing the highway interstate system will require the removal of existing overhead structures, known as overpasses, to accommodate the additional lanes. In the rural parts of I-80, these overpasses are usually either to allow county roads to go over the interstate highway or the county road to under the interstate highway.

Once the highway is expanded to six lanes, what happens to the overpasses? Are they all re-built? Are only some re-built? Who pays for the reconstruction? Who makes the determination between which ones are reconstructed and which ones are not?
Costs to reconstruct these overpasses over or under a widened interstate range from between $1.3 to $1.9 million each. Pavement, earthwork, and other construction materials, additional right-of-way, relocating utilities, and the complexity to manage traffic to reconstruct the overpass are costs associated with each specific overpass. The planned service life for a newly constructed overpass is 75 years or greater.

- County road over 6 lane Interstate 80: $1.3 million
- 6 lane Interstate 80 over county road: $1.9 million

The Iowa DOT recently conducted a study on each of the rural 64 structures along the Interstate that are simply overpasses, meaning there is no exit ramp associated with it. Overpasses in urban areas as well as overpasses that had more than 1000 cars per day were excluded from the study.

The criteria looked at three things: average daily traffic (ADT), maximum out of distance travel, and minimum out of distance travel. Average daily traffic means the average of 24-hour vehicle counts collected over a window of several days. Maximum out of distance travel means the additional distance a property owner on one side of the interstate near an overhead structure would need to travel to properties they may own or need to access on the other side of the highway if an overpass nearest their property were removed. Thus, the individual would be forced to use the next nearest crossing. Minimum out of distance travel assesses how much additional travel would be required to the most likely destination or common point near the structure. The destination was usually the nearest town or interchange and the origins were each side of the overpass. If an overpass were to be removed, this measure would evaluate the additional distance that would be required to reach this destination or common point by drivers on the opposite side of the interstate.

To assist with the evaluation process, the DOT study team assigned a value to each of the evaluation criteria. The scoring system provided a method to measure the potential hardship to users if the overpass was eliminated. This provided the study team a listing of overpasses that are a high priority for replacement and which ones would be less of a priority to the DOT.

The scoring system ranged from 1 to 5 in terms of priority.

1 – **Highest priority to replace**: The overpass is needed for regional access and connectivity and may cause hardship to the local travel if it is eliminated.

2 – **Moderate priority to replace**: There is a moderate need for the crossing for regional access and connectivity and may cause moderate hardship to local travel if it is eliminated.

3 – **Average priority to replace**: There is an average need for the crossing for regional access and connectivity and elimination may cause some hardship to local travel if it is eliminated.

4 – **Low priority to replace**: The crossing will likely cause only minor hardship to access and connectivity if it is eliminated.

5 – **Lowest priority to replace**: The crossing is only for localized traffic needs and hardship is limited.

What do these study ratings mean to the DOT?

- Overhead structures with a replacement score of 1 or 2 are high priority to the statewide system. These structures should be replaced as improvements to I-80 are made.
- Overhead structures with an average replacement scoring of 3 are of moderate need to serve statewide connectivity and access needs. Structures with this priority scoring should be considered for replacement should local jurisdictions voice that a structure is a priority need and agree to fund a portion of the replacement costs.
- Overhead structures with a replacement scoring of 4 or 5 are a low priority to replace. These structures should not be replaced unless there is cost-sharing agreement between the State and County.
The charts below show the results of the survey for each studied overpass.

<table>
<thead>
<tr>
<th>Final Replacement Priority</th>
<th>District</th>
<th>County</th>
<th>Milepost</th>
<th>Local Road</th>
<th>ODT Min Priority</th>
<th>ODT Min (miles)</th>
<th>ODT Max Priority</th>
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Based on the Iowa DOT’s study, they are recommending that 47 of the overpasses not be replaced unless there is significant buy in from the county government to either pay for it entirely or create a cost-share agreement with the state.

This information has already generated significant concern by these counties, especially counties that have multiple overpasses that could be eliminated. Several counties have already begun to address these concerns with the Iowa DOT and their legislators, though it is somewhat unclear who would have the final say about the closing of these overpasses and how much, if anything, the DOT would be willing to pay toward the restoration of a new overpass after the highway is widened.

Though the study seeks to score the loss of accessibility, residents, farmers, school buses, ag supplies, emergency personal, and others would be affected by the added mileage and inconvenience caused by the loss of these overpasses. Because counties, especially rural counties, have limited resources and each overpass could cost anywhere from $1.3 to $1.9 million each, it would significantly detract from other maintenance or improvement projects on other roads or bridges in the county.

**Discussion Questions:**
1. Who should make the decision about whether an overpass is restored after the highway is widened?
2. Should overpasses automatically be restored if they were in place before construction began?
3. Who should be responsible for paying for the new overpasses?
4. Did the DOT utilize the right criteria for assessing the essentialness of each overpass or should they have included other elements?
5. How would the loss of these overpasses affect agriculture, emergency services, and other traffic?
6. Do we need to have the interstate widened? If yes, everywhere or just some places?

**Interstate Highway Tolls**

The Iowa DOT is conducting a wide-ranging study on the future of Interstate 80 (I-80) within our state. Citing increased traffic congestion, more crashes and fatalities, changes in vehicle automation, and significant anticipated freight traffic growth, a big piece of the study is evaluating the possibility of expanding the number of lanes from the current four to six.

As with any discussion of infrastructure, there must be a serious conversation about the improvements are paid for. Currently, the Iowa DOT has a “pay-as-you-go” funding approach for projects and receives annual federal transportation appropriations along with other funds (which originate from fuel taxes, vehicle registrations, and more) from the constitutionally protected Road Use Tax Fund (RUTF).

However, because many projects across the state compete for those limited dollars RUTF dollars and the cost to complete a project of this magnitude would be substantial, the DOT is evaluating the feasibility of implementing tolling on I-80 to pay for the widened highway.

However, before Iowa could consider tolling I-80 or any other part of our state’s portion of the highway interstate system, Congress would need to act to give the state’s the option to do so. The 1956 Interstate Highway Act generally banned tolling on the highway interstate system. As it stands today, unless in
very specific circumstances such as pilot projects, the only interstate miles that are tolled today are as a direct result of the road being tolled before it became part of the highway interstate system. In a sense, those roads were “grandfathered” in. The chart below, which was created by the Iowa DOT, shows a potential comparison between paying for the construction as we go and paying for the project with tolling proceeds that would finance 35 year bonds.

As the chart notes, using toll proceeds to fund bonds would allow construction to be completed in a shorter time-frame and at a lower cost. It would also allow more dollars to be freed up to be spent on other road and bridge projects around the state. However, there are plenty of hurdles too. For one, as mentioned earlier, tolling would require some changes to federal and state laws and likely significant buy-in from the voting public and stakeholders. Not to mention, there needs to be a discussion about traffic impacts. What would happen to nearby roads if they received more traffic of drivers looking to avoid the tolling? Does the road construction industry have the capacity to deliver an outcome at an accelerated time frame?
The chart above, which was also produced by the Iowa DOT, offers an example of how tolling might look on I-80. There would not be booths constructed and instead each car would just drive under sensors. However, they noted that that some local traffic may somehow be exempted and that the tolling locations would only be set up in rural parts of the highway. Based on their vision, it would cost nearly $20 for a car to travel the entire length of the state and approximately $60 for a semi-truck. These costs could likely be on top of the user fees paid at the time fuel is purchased, unless legislative action is taken to lower the fuel tax.
The Iowa DOT also produced a chart, shared below, which suggests that tolling may provide a more equitable ratio of users of the road to who is paying for the construction and maintenance of the road. This conclusion is derived from comparing tolling users to the current pay-as-you-go user fee model employed by the state.

### Discussion Questions:
1. Should we be moving away from the “pay-as-you-go” funding approach toward bonds paid for with tolling revenue?
2. Does Iowa’s portion of I-80 need to be expanded and if so – is it just pieces of it or all of it?
3. If tolling is implemented, should the entire Iowa portion of I-80 be tolled or just certain parts of it?
4. Should only the rural areas be tolled or should urban areas also have tolling locations?
5. Would the benefits of getting the project done sooner and for cheaper outweigh the potential pitfalls of losing out on income from drivers avoiding our state and increased costs for resident drivers?
6. Would traffic avoid the I-80 and therefore cause increased wear and tear on other highways and secondary roads?
7. If fewer cars on the road in the future utilize fuel and thus do not pay the per-gallon user fee, is tolling a good option to pay for road improvements and maintenance in the future?
8. If tolling is implemented should the fuel tax be reduced?
9. Even if the federal government authorized the use of tolling, would Iowans want to allow it here?
Iowa One Call

Iowa participates in a national program to protect underground infrastructure such as pipelines, fiber optic cable, water lines and electrical lines. As part of that program, Iowa requires farmers to call the Iowa One Call notification center at least 48-hours prior to any excavation, excluding weekends and holidays. Requests for an underground structure locate can be made online at www.iowaonecall.com or by simply dialing 811. The request must be made by the person doing the excavating.

Normal farming operations are exempt from the requirements, but certain excavations are not exempt. Notification is required for excavations such as all drain tiling operations, constructing terraces or other conservation structures, digging new post holes, all operations that penetrate the soil more than 15 inches in depth, including chisel plowing, sub-soiling, or ripping. Normal farming operations include plowing, cultivation, planting, harvesting, and similar operations.

In 2014, some changes were made to the law to prohibit excavations within 25 feet of a natural gas transmission pipeline unless the operator of the pipeline is present and specific permission is given by the operator of the pipeline. This law also requires excavators to physically mark the area that is going to be excavated with white flags, stakes or paint. However, this doesn’t apply if the precise location is identified in the one call notification, an electronic means of white-lining is provided or physical premarking is impractical.

Once the one call center is notified, the underground facility operators mark the location of their infrastructure within 18 inches. Private facilities that are not registered with Iowa One Call, which may include propane or water utilities, are not marked by the locate service. Excavators are supposed to avoid excavating within 18 inches on either side of the mark, called a tolerance zone, and by hand digging with extreme caution. If a location of an underground facility is mismarked or the locate service does not mark the infrastructure, excavators are encouraged to file a complaint to allow Iowa to track mislocates and improve the locate service. Complaints can be filed online at: https://tinyurl.com/ycutpdrt

Farmers who stay compliant with the Iowa One Call requirements have the benefit of liability protection if damage to underground infrastructure, including fiber optic cable, occurs while conducting normal farming operations. An owner of farmland, tenant, employee or family member who complies with the requirements shall not be held responsible for any damage unless the owner intentionally damages the facility or acted with wanton disregard or recklessness in causing the damage.

The civil penalties are high if the One Call requirements of notification 48-hours prior to excavation are not met. A violation related to natural gas or hazardous liquid pipelines is $10,000 per day up to a maximum of $500,000. A violation related to other underground facilities is $1,000 per violation up to a maximum of $20,000. In addition, if there are damages to the underground facility, the operator will seek compensation. The attorney general’s office enforces the penalties, but Iowa One Call is governed by a board and the Iowa Utilities Board also provides oversight and support for the program.

Discussion Questions
1. Have you experienced any difficulty with a locate service accurately locating an underground facility?
2. Have you had any challenges in locating water utility lines or have you caused any damage to a water line?
3. Have you experienced any other challenges with the Iowa One Call system?
Livestock Siting

Existing federal and state laws restrict where livestock farms can locate and how they must operate. In addition to federal law, there are over 300 pages of state livestock specific statutes and regulations. All livestock farms are regulated, but the amount of regulation builds as the size of the operation increases. Before figuring out which regulations apply, there are rules to evaluate whether two farm sites are to be counted together depending on whether they are commonly owned or managed and how far apart they are located. Currently, separate farm sites owned by different people do not combine their operations for construction permits or manure management plans and they are not liable for the other farmer’s mistakes and violations.

All livestock farms are required to meet setback distances from wells, streams, rivers, lakes, designated wetlands, ag drainage wells, and sinkholes to protect water quality. Combined, these water distances prohibit the siting of any size livestock barn or manure storage on 31.5% of the state’s land. Manure application is also restricted within 200 feet of these areas.

Livestock barns and manure storage cannot be built in a 100-year floodplain or on alluvial soils without ensuring that the site is not in a floodplain. Iowa law also restricts the type of manure storage and requires more stringent construction standards for livestock barns built on karst soils. Regulations for stockpiling manure on karst soils and non-karst soils also apply to all livestock farms regardless of size.

Livestock farms larger than 500 animal units have additional regulations to meet such as: manure management plans; certified manure applicator requirements; restrictions on winter manure application, restrictions on applying manure near residences, churches, businesses, schools and public use areas; and a construction design statement. These farms also must meet specific construction requirements such as the strength and thickness of concrete, hydrology and rerouting of drainage tile. Additionally, farms
larger than 500 animal units must meet setback distances from residences, churches, business, schools, public use areas, cemeteries and roads.

The setback distance from a residence for a new livestock farm with 1,000 animal units or more is 1,875 feet from residences, churches, business, schools and public use areas. These distances are the minimum distances required before applying the master matrix requirements. The distances address both air quality and odor concerns. Below is a map showing the 67% of land in the state on which this size operation is prohibited without a waiver because of the setback distance from residences. The 33% of possible land left available does not consider many other factors such as whether it meets other setback distances or whether the farmer owns or can purchase the land.

Some discussion has occurred about whether the setback distances from neighboring residences is large enough to address neighbor concerns. If the minimum distance was increased to just a half mile, 91% of the state becomes an unavailable choice for a new or expanded livestock farm of this size because of the residential setback distance alone.

In addition to all the regulations described above, livestock farms which have a capacity of 1,000 animal units or more must meet larger setback distances, obtain a construction permit and have enough points to
meet the master matrix regulations. The Master Matrix is a tool that county supervisors use to increase the regulation of livestock farms to further protect water, air and community factors beyond the DNR’s requirements. The livestock farmer chooses among a list of options to increase the protection in each of the three areas depending on the characteristics of the site, the farm and its owner.

Eighty-nine counties have chosen to adopt the master matrix for 2018. If a county disapproves the master matrix, the DNR independently reviews the matrix as part of their permit application review. A county may recommend denial of the construction permit and it can appeal the DNR’s approval of the draft permit to the Environmental Protection Commission. Any county may comment on a permit application or hold a public hearing even if it didn’t adopt the Master Matrix.

Part of the Master Matrix includes increased setback distances from residences, roads, public use areas and waters. The distances from residences, roads and public use areas qualify for both air quality and community points. The distances from waters qualify for water quality points. To obtain minimum points in these categories, the following map depicts the amount of land where a livestock farm could not be constructed or expanded. A livestock farm could not be located on 90.8% of the land area in the state and qualify for the minimum matrix points in these areas. If the available points are lowered for a category or the distances are increased, the ability of a livestock farm to qualify for those points is diminished.

Matrix Setbacks for Minimum Scores

![Map showing matrix setbacks for minimum scores](image)

Under the current Master Matrix, only 0.4% of the land area could be a possible location to obtain the maximum matrix points on setback distances for these areas. Because it is difficult to locate suitable sites that go farther in addressing air, water and community concerns, the Master Matrix regulation provides options for achieving the standards.
Livestock farms larger than 3,000 animal units must also meet larger setback distance and use a professional engineer to certify the design, construction, and that all tile lines have been removed. Iowa law also includes a technological limit which functions to prohibit livestock operations larger than a certain size dependent on the type of operation and species because the technology is cost prohibitive for a livestock farm.

**Discussion Questions:**
1. Should the regulations be more burdensome as a livestock farm gets larger or should the same regulations apply to everyone?
2. Should smaller operations be incentivized by having a smaller regulatory burden?
3. Assuming the same amount of livestock, should the state prefer more smaller operations or fewer operations that are larger?
4. What other options should be considered to address neighbor concerns?

**Livestock Investment Capitol**

Nine states restrict corporate and limited liability company (LLC) ownership of farms, including Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Oklahoma, South Dakota, and Wisconsin. The nine states have differing requirements and exemptions from their laws. South Dakota’s and Nebraska’s laws were determined to be unconstitutional by the federal courts in 2003 and 2006.

Of these nine states, seven do not apply to poultry operations (Kansas, Minnesota, Missouri, Nebraska, Oklahoma, South Dakota, and Wisconsin). Kansas, Oklahoma and South Dakota do not apply to other types of livestock farms. North Dakota, and Iowa limit the ownership of both livestock and poultry farms by corporations and limited liability companies.

Several states, including Iowa, also prohibit other LLCs or corporations from owning any part of a family farm corporation of authorized corporation. Only natural persons can own shares in a corporation or limited liability company. Authorized corporations are limited to owning 1,500 acres, can only be owned by 25 people and shares cannot be owned by another corporation or LLC. Iowa has approximately 450 farms owned by authorized corporations.

Approximately 38% of Iowa’s corn crop was used as livestock feed in 2016 for our hogs, cattle, dairy, chickens and turkeys. Iowa’s chicken layers consume 58 million bushels of corn and 30 million bushels of soybeans. Iowa is number one in the production of eggs, producing over 16 million eggs, which is about 16% of the U.S. total production. According to the Iowa DNR’s database, Iowa has approximately 100 farms that produce eggs.

In 2008, California voters restricted the type of housing that could be used for egg-laying hens in the state of California. It prohibited hens from being housed for the majority of any day in a manner that prevents them from “(a) laying down, standing up, and fulling extending [their] limbs; and (b) turning around freely.” In 2010, the California legislature extended this restriction to all shelled eggs sold in the state of California.

Cage-free eggs have the same chemical make-up as conventional eggs, and the USDA states that there is no definitive scientific data identifying a nutritional difference in egg nutrition based on the housing of chickens. Each housing system for hens has benefits and drawbacks. However, an overwhelmingly large number of egg distributors, egg retailers, and restaurants have made the decision that promising
cage-free will enhance their brand, with most companies promising to source their 100% of their eggs from cage-free farms by 2025.

![U.S. Table Egg Layers](image)

Source: Agri Stats, USDA

USDA estimates that the conversion to cage-free will cost $40 per bird with a $7 Billion total cost to the industry and higher operational costs. For Iowa, the cost of converting to a cage-free housing system is roughly estimated to be about $1.3 Billion.

**Discussion Questions**

1. Does Iowa’s restriction on corporate and LLC ownership of egg farms limit their ability to raise capital to adapt their farms to market and consumer demands?
2. Does Iowa’s restriction restrict our ability to compete with other states in the future for the market for our grain of feeding hens?
3. Should Iowa maintain its current restrictions on the ownership of livestock farms?

**School Bond Elections-Voting Eligibility**

At least 10 states allow nonresident property owners to vote in select local elections. States with larger seasonal homeowner populations have made changes in their election laws to allow nonresidents the ability to impact their local elections when their property tax levies are the subject of the election. In many of these states, the State’s Constitution gives the Legislature the ability to create laws that allow home rule provisions, giving local control to allow nonresidents the option to vote.

For example, include; the State of Connecticut allows any property owner that is liable for at least $1,000 in property taxes to participate and vote in town meetings. The town meeting is where Connecticut municipalities set the annual budget so nonresident property owners have influence on matters of taxation. Individual municipalities may pass a local ordinance to restrict the right of nonresident property owners to vote.

Delaware has a provision in its Constitution that allows home rule to permit nonresident property owners to vote. Once a municipality allows such an action, they cannot rescind the decision at a later date. Colorado has a similar law in towns over 2,000 people that allows any majority owner of a property to vote in elections, including their spouse.
Arizona and Montana allow nonresident voters in specific special assessment districts that have the power to levy property taxes.

**Discussion Questions:**
1. If nonresidents of a local jurisdiction can vote should there be any restrictions put on the nonresidents:
   - Iowa Residency?
   - Value of property?
   - Majority ownership?
2. Should nonresident property owners that are owned by corporations be allowed to vote?

**Utility Easement/Landowner Rights**

Iowa’s electrical distribution services are provided by municipalities, cooperatives and rate-regulated corporations. Most of the easements that allow these entities to provide electrical service were acquired in the 1930s and 1940s after the passage of the Rural Electrification Act in 1937. In some cases, the lines were installed without a formal written easement.

Easements are a property right that gives someone else the right to use all or part of your property for a specific purpose. Easements can take many forms, be temporary or permanent, be voluntary or involuntarily taken by eminent domain. Prescriptive easements can also be taken by acquiescence if the property is used openly and notoriously for 10 years or more. Easements are granted for such things as roads, borrow pits, driveways, railroads, trails, flooding, drainage, pipelines and utilities.

Several proposals were surfaced during the 2018 legislative session that could affect electric utility easements. These proposals would statutorily establish or expand an easement for purposes such as to trim or remove trees within 75 feet of the current lines and poles or to allow the easement to be used to install fiber optic cable for broadband internet service. Another approach would establish that the utility easements exist even without a written, recorded easement.

Litigation has occurred in other states against utilities and railroads who use their easement for purposes such as installing fiber optic cable without landowner approval. For example, in a recent Missouri case, a class action lawsuit brought against the Sho-Me Power Electric Cooperative resulted in a jury verdict of $130 million owed to landowners along 759 miles of easement. This verdict is on appeal with an earlier verdict of $79 million being thrown out by the appellate court.

Several states have adopted legislation granting the easements for fiber optic cable with conditions including Indiana, Missouri, Oklahoma, Arkansas and California. The statutes vary greatly between states. Indiana’s law was adopted in 2017 and provides notice to landowners, provides for compensation and requires the cooperative to include the expanded easement in member and customer agreements.

Current federal law requires clearance for electric service lines from one to nine feet depending on the line voltage. This clearance is necessary to ensure that trees and other vegetation do not touch the line and interrupt the circuit. Missouri law gives electric utilities the ability to trim, control or remove trees and vegetation up to 75 feet from both sides of the electric line, depending on the voltage. A similar proposal is being considered in Iowa.
Discussion Questions:
1. Would allowing electric utilities to place fiber optic lines on their existing poles provide faster expansion of broadband internet in rural areas?
2. Should utilities be allowed to license out their infrastructure for a fee to third parties to install fiber optic cable?
3. Should landowners have to give consent or be compensated before an existing easement can be expanded or used for another purpose?
4. Do electric utilities need to control the tree and vegetation growth within 75 feet of the existing lines to ensure reliability of electric service?
5. Are you willing to risk that a fallen tree may interrupt service in order to keep existing trees and vegetation near your farmstead or building site?