



Steve Lucas, CEO

## A THREAT TO CO-OPS' TAX-EXEMPT STATUS

Due to an unintended consequence of current federal tax law, many electric co-ops are finding themselves in a precarious position.

Imagine working hard to secure funding for an important local project only to turn around and give a large chunk of that money back in taxes.

That's the situation many cooperatives, including Scenic Rivers Energy Cooperative (SREC), may face because of recent tax law changes. And it could jeopardize the not-for-profit tax status of cooperatives that receive federal or state government funding of any kind, including disaster relief aid, energy efficiency grants, economic development support, and rural broadband development grants.

In order to maintain tax-exempt status, an electric cooperative must receive at least 85 percent of all revenue from its members. However, an unintended consequence of a 2017 change to federal tax law modified the calculation for some contributions by a government entity or civic group.

Now, grants and other contributions may be considered non-member revenue and could threaten a co-op's tax-exempt status. This would have a profound impact on co-ops and their members. Here are two examples:

- Otsego Electric Cooperative received a \$10 million broadband grant from the state of New York, which will put the co-op well over the 15 percent limit for non-member revenue in 2019. Otsego will lose its tax-exempt status if the RURAL Act is not passed this year, CEO Tim Johnson said in April. Twenty-one percent of the grant money will have to be used to pay taxes.

Our open houses and member appreciation events were a big success! We enjoyed seeing 1,300-plus smiling faces over the three nights. You can see more photos from the event on our Facebook page.



- West Florida Electric Cooperative Association has received \$24 million in expedited reimbursement from the Federal Emergency Management Agency (FEMA) this year for storm recovery work in the wake of Hurricane Michael in 2018. That's about 40 percent of the co-op's projected annual revenue. Gulf Coast Electric Cooperative to the south is in the same tax position, and three other Florida co-ops could surpass the 15 percent threshold by year's end. It's unfair to classify the FEMA reimbursement as revenue—it was for expenses that West Florida incurred to restore service to a large swath of its members after the category 5 hurricane pounded the Florida panhandle.

Encouraging Congress to fix the tax code to exempt government grants from being defined as member revenue is one of the highest priorities of the National Rural Electric Cooperative Association, the service organization representing America's electric co-ops. Legislation called the Rural Act has been introduced in both the House and the Senate, attracting large groups of bipartisan cosponsors. However, getting it enacted into law will be a heavy lift, given the political sensitivity of tax issues on Capitol Hill.

Congress must act now to correct this unintended consequence and protect the tax status of electric co-ops. In doing so, Congress would preserve the full value of government grants that deliver societal benefits to our communities.

You can play an important role in encouraging Congress to act. Voice your support for the Rural Act by visiting [www.action.coop/ruralact](http://www.action.coop/ruralact).



# A Natural Balance

Everything is connected for this advocate of organic farming



To Harriet Behar, the soil, plants, and insects are as interconnected as the yarn in a sweater—that she wove using yarn dyed by the plants on her farm.

Behar, an organic farming advocate, sees that connection everywhere.

She chairs the National Organic Standards Board, a citizen advisory board to the United States Department of Agriculture National Organic Program. The 15 members of this board are appointed by the USDA secretary of agriculture to serve five-year terms. They recommend improvements to the organic regulations and must approve all inputs used in organic agriculture before they are allowed.

“I sit in an environmentalist seat,” Behar said.

From the native plants that make up a prairie to the house and weaving studio powered by solar, every move made on the farm has environmental roots.

A native plant prairie will last forever, she said, if it is burned every three or four years and invasive species are kept out.

“I love flowers,” she said simply, not just for their beauty but for their importance.

The biodiversity of plant life—buckwheat, five varieties of clover, purple coneflowers and black-eyed Susans—helps the honeybees have a varied diet, keeps them near home, and produces flavorful honey. Beehives have been at the farm since the beginning, and the honey is sold at the Kickapoo Exchange in Gays Mills. The label is Aaron and Harriet’s Honey, named

for Behar and her husband, Aaron Brin.

Out the dining room window, bees, monarch butterflies, and hummingbirds visit the flowers. The only sugar in the house is for the hummingbirds’ sugar water, she said. “We’re beekeepers. We cook with honey.”

Before she started organic farming, she made her living as a weaver, selling clothing—much of which featured cattails, spiderwort, and other native plants tapestry woven into her garments—at art fairs.

She bought Sweet Springs farm, equidistant between Gays Mills and Soldiers Grove, in 1981. It is secluded, off narrow roads lined by so many trees that it’s shady on a sunny day. As you get nearer the farm, signs prohibit mowing or spraying the native prairie.

**“I am constantly inspired by how environmentally beneficial organic farming is...”**

**—Joy Behar**

“I was driving around with a topographical map and a plat book,” in search of a farm with a spring on a dead-end road.

She stopped at a friend’s house, who said she knew of a place like that for sale just down the road.

So Behar started raising vegetables organically, and the crop was prolific enough that she could sell some. It was the beginning of decades of work to promote organic farming.

“I am constantly inspired by how environmentally ben-

official organic farming is, and how it really can solve so many environmental problems that we have. I think our planet is in crisis. Since I've been here, I've never seen such extremes in weather."

Now, she grows and dries herbs to sell to tea makers and soap makers. And she uses the plants to dye yarn for her weaving.

She boils the flowers in an old stainless steel milk bucket from a pipeline system, takes out the stems and pieces, then boils yarn in the liquid and lets it steep until she gets the desired color. Rinsing is the last step. Queen Anne's Lace makes a vibrant yellow.

"I'm growing a whole bunch of indigo. I've never used it before," she said. "There are very few plants I don't see some kind of value in as tea, spice, or dye."

She works part-time as an outreach specialist for the University of Wisconsin-Madison's organic and sustainable cropping systems lab.

Since 1991, she's been an organic inspector, visiting 2,500 farms, mostly in the upper Midwest but some as far away as Europe.

"I help a lot of people transition (from conventional to organic farming, which takes three years). They want to leave that land in better condition. They make constant improvement. I see that as an organic inspector. They say 'I know what I'm doing in my fields now is going to improve my farm three years from now.'"

To be certified organic, farmers cannot use pesticides or antibiotics. Only natural fertilizers are used. Crops must be rotated and cultivated. It is labor intensive and hands-on.

"An organic farmer has to spend more time because our tools are not as strong," she said. "We're always looking, trying to understand that intricate soil/food web, how different biological life in the soil interacts with the roots of a plant. If you have various plant root depths, they scavenge nutrients from below and bring it to the surface."

Behar said organic farmers constantly look for ways to improve, including no-till systems and cover crops that increase biomass.

"Something I see with other organic

farmers is that they take great satisfaction in the natural world and in working with it," she said.

In the United States, organic food accounts for about 5 percent of total food sales, and covers 1 percent of land. "We don't have economies of scale. We are so far behind other countries. Their governments have made a commitment to promote organic. Our government has made a commitment to support organic if it doesn't hurt anyone else's bottom line."

In Denmark, nearly 50 percent of farming is organic, with a plan to be at 100 percent by 2050.

"It's a good life, and the farmers make money," she said.

She asked one Danish farmer why he switched to organic, and he told her, "I don't want to lose the farm on my watch. It's been in my family since 1430.

I needed to do something good for the farm."

"In Denmark, the government puts a tax on agricultural chemicals and then gives it to organic farmers. I said that would never happen in the United States. He pointed his finger at me and said 'Never say never.'"

Organic soil needs to be friable, or crumbly, for a good crop.

"If you're cultivating, you don't want to throw up clods to cover up the plants. More friable soil is going to flow into the row and cover the weeds," she said.

"Supporting organic and local supports a cleaner environment in your area," she said.

In college, Behar studied journalism. "In the 1970s, I read Rachel Carson ('Silent Spring') and that really resonated with me," she said. "I saw way back then that the environment was in trouble. ▶



Harriet Behar checks on the yarn she is dyeing in her studio (left). She uses plants to hand dye yarn for her weaving. The yellow colors in the sweater below are from natural dyes.

Opposite page: Harriet stands in her native plant prairie.





“With all the rain we’ve had in the past few years, the work we’ve done in organic farming has made our soil and our crops more resilient. But it’s not like magic. I would say you get a little bit more forgiveness, when you manage your farm organically, to deal with extreme weather conditions.”

Her 40 chickens are producing eggs and also fertilizer for next year’s sweet corn crop.

They are planning to add fruit trees next year, including peaches, nectarines, and sweet cherries in a new greenhouse.

“Organic farms strive to go back to the Garden of Eden, where everything was in balance,” she said. “We love it here.”—*Mary Glindinning*



## Find Us on Facebook

SREC recently increased its digital presence by expanding on our Facebook page. It’s a quick and easy way to share information with our members.

The page is steadily gaining followers! We’re using it to share information about topics such as electrical safety, energy efficiency, cooperative events, and peak energy alerts. We will also provide members with information when major outages or system maintenance occurs. Please check us out!

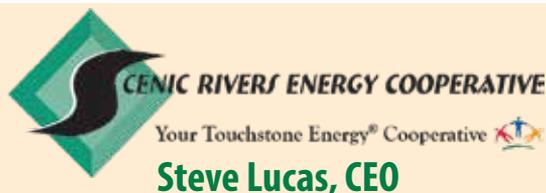


## MEMBER PHOTO OF THE MONTH

The winning picture for November in SREC’s 2019 Member Photo Contest, “The first snow of winter,” was taken by Michael Momot of Platteville. The 2020 Member Photo Calendars are now available at each of SREC’s offices. Pick yours up while supplies last!

*Happy Thanksgiving!*

**Our office will be closed Thursday and Friday, November 28 and 29.**



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