



California Association of Wheat Growers

April 7, 2017

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CAWG Board Meeting Announcement

Dear CAWG Members:

The CAWG Board of Directors will conduct its annual meeting on Wednesday, April 12, 2017. The meeting also included special guests, Chandler Goule, NAWG CEO and David Schemm, NAWG President.

All CAWG members are welcome and encouraged to attend.

Meeting Location and Time Details:

Wednesday April 12, 2017 (8:00 AM - 10 AM)

Yolo County Farm Bureau Office
69 W Kentucky Ave.
Woodland, CA 95695

California Legislative Update

Senate and Assembly Approve Gas and Diesel Tax Increase

Last night, April 6th the Senate and Assembly gathered enough votes to pass the \$5.2 billion road annual funding package proposed by the Governor and Democratic leadership that would raise gas taxes and fees on drivers. The Governor is expected to sign SB 1 (Beall) within the next couple of days. The bill passed with the bare minimum of votes, 27-11 in the Senate and 54-26 in the Assembly. The Senate was able to get Republican Senator Anthony Cannella to vote Aye, giving the Governor the 2/3 vote needed for passage. Senator Steve Glazer and Assemblymember Rudy Salas were the only democrats to vote no in the Assembly.



The association worked with a broad ag coalition to oppose the measure. The basis of the opposition was the 32 cents a gallon increase of the diesel fuel, the fact the tax is indexed to inflation and that the increase has no sunset. The coalition offered amendments and used the opportunity to raise awareness on transportation issues important to agriculture.

The package would raise gas and diesel excise taxes. For the gas tax, the base excise tax of 18 cents would increase to 30 cents on Nov. 1. In addition, the plan would set the variable gas excise tax at 17.3 cents a gallon starting July 1, 2019, and adjust it for inflation. The current variable rate is 9.8 cents, a rate set to increase to 11.7 cents July 1. Also, the package would create several tiers of “transportation improvement” charges linked to vehicle values beginning on Jan. 1, 2018. Drivers with vehicles worth up to \$4,999 would pay \$25 for an additional registration fee, for example, while those with a vehicle worth \$60,000 and up would pay \$175.

The package will significantly increase the gas and diesel taxes farm and ag processors use for on road purposes. The legislation did retain the exemption for off road diesel used on farms and to transport to the first point of processing. SB 1 (Beall) includes the following expenditures and tax increases.

- \$7.3 billion by increasing diesel excise tax 20 cents
- \$3.5 billion by increasing diesel sales tax to 5.75 percent
- \$24.4 billion by increasing gasoline excise tax 12 cents
- \$16.3 billion from an annual transportation improvement fee based on a vehicle's value
- \$200 million from an annual \$100 Zero Emission Vehicle fee commencing in 2020.
- \$706 million in General Fund loan repayments.

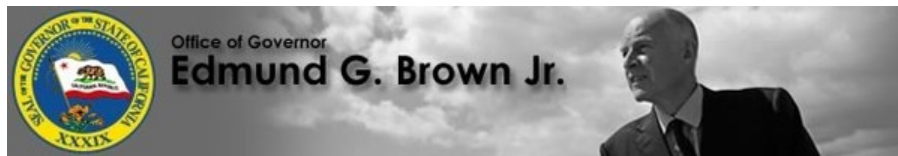
Fix Local Streets and Transportation Infrastructure (50 percent):

- \$15 billion in "Fix-It-First" local road repairs, including fixing potholes
- \$7.5 billion to improve local public transportation
- \$2 billion to support local "self-help" communities that are making their own investments in transportation improvements
- \$1 billion to improve infrastructure that promotes walking and bicycling
- \$825 million for the State Transportation Improvement Program local contribution
- \$250 million in local transportation planning grants

Fix State Highways and Transportation Infrastructure (50 percent):

- \$15 billion in "Fix-it-First" highway repairs, including smoother pavement
- \$4 billion in bridge and culvert repairs
- \$3 billion to improve trade corridors
- \$2.5 billion to reduce congestion on major commute corridors
- \$1.4 billion in other transportation investments, including \$275 million for highway and intercity-transit improvements.

The legislation can be found [here](#).



Governor Brown Lifts Drought Emergency, Retains Prohibition on Wasteful Practices

FOR IMMEDIATE RELEASE: Friday, April 7, 2017

Contact: Governor's Press Office at (916) 445-4571

SACRAMENTO – Following unprecedented water conservation and plentiful winter rain and snow, Governor Edmund G. Brown Jr. today ended the drought state of emergency in most of California, while maintaining water reporting requirements and prohibitions on wasteful practices, such as watering during or right after rainfall.

“This drought emergency is over, but the next drought could be around the corner,” said Governor Brown. “Conservation must remain a way of life.”

Executive Order B-40-17 lifts the drought emergency in all California counties except Fresno, Kings, Tulare and Tuolumne, where emergency drinking water projects will continue to help address diminished groundwater supplies. Today's order also rescinds two emergency proclamations from [January](#) and [April 2014](#) and four [drought-related executive orders](#) issued in 2014 and 2015.

Executive Order B-40-17 builds on actions taken in [Executive Order B-37-16](#), which remains in effect, to continue making water conservation a way of life in California:

- The State Water Resources Control Board will maintain urban water use reporting requirements and prohibitions on wasteful practices such as watering during or after rainfall, hosing off sidewalks and irrigating ornamental turf on public street medians.
- The state will continue its work to [coordinate a statewide response](#) on the unprecedented bark beetle outbreak in drought-stressed forests that has killed millions of trees across California.

In a related action, state agencies today issued a plan to continue to [make conservation a way of life in California](#), as directed by Governor Brown in May 2016. The framework requires [new legislation](#) to establish long-term water conservation measures and improved planning for more frequent and severe droughts.

Although the severely dry conditions that afflicted much of the state starting in the winter of 2011-12 are [gone](#), damage from the drought will linger for years in many areas. The drought reduced farm production in some regions, killed an estimated 100 million trees, harmed wildlife and disrupted drinking water supplies for many rural communities. The consequences of millions of dead trees and the diminished groundwater basins will continue to challenge areas of the state for years.

The full text of today's executive order can be found [here](#).



State Releases Plan to Make Water Conservation a Way of Life

FOR IMMEDIATE RELEASE: Friday, April 7, 2017

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SACRAMENTO – As Governor Edmund G. Brown Jr. [ended the drought state of emergency](#) in most of California today, state agencies released a long-term plan to better prepare the state for future droughts and make conservation a California way of life.

Building on the successes and lessons learned from California’s five-year drought, the plan establishes a framework for long-term efficient water use that reflects the state’s diverse climate, landscape and demographic conditions. Achieving the plan’s goals will help all of California better prepare for longer and more severe droughts caused by climate change, as directed by the Governor’s [May Executive Order](#).

“This framework is about converting Californians’ response to the drought into an abiding ethic,” said California Department of Water Resources Acting Director Bill Croyle. “Technically, the drought is over, but this framework extends and expands our dry-year habits. Careful, sparing use of water from backyards to businesses and farm fields will help us endure the next inevitable drought.”

California’s climate is the most variable in the nation and naturally swings between flood and drought. Climate change is increasing average temperatures, shrinking the Sierra Nevada snowpack, and creating more extreme droughts and storm events. California’s recent historic drought included the driest four-year period, the warmest three years and the smallest Sierra snowpack in state history, while this winter’s storms created one of the highest precipitation totals in the last 150 years.

Recognizing these long-term risks, the plan seeks to move the state from the temporary, emergency conservation measures in effect during the drought to a more durable approach that will ensure all communities are improving water use efficiency and extending their supplies. These measures will help achieve a top priority in the Governor’s [Water Action Plan](#) – to “make conservation a California way of life.”

“California’s farmers and ranchers practice conservation every day,” said California Department of Food and Agriculture Secretary Karen Ross. “They are prepared to continue in that spirit in adherence to groundwater regulations and the adoption of more efficient irrigation systems.”

After Governor Brown called for a 25 percent reduction in urban water use in 2015, Californians rose to the challenge and saved 24 percent during the 12 months the mandate was in place. Even after the strict standards were lifted last May, Californians continued to save water, with cumulative savings staying above 20 percent. This plan builds on that success to establish long-term conservation measures.

Central to the plan is a requirement that the state’s 410 urban water suppliers meet new water use targets. Suppliers would calculate their unique water efficiency targets based on a common methodology that takes into account the diverse climatic, demographic and land-use characteristics of each agency’s service area. Urban water suppliers would set new targets by 2021 with a full compliance deadline of 2025.

“Californians stepped up big time during the drought,” said Felicia Marcus, chair of the State Water Resources Control Board. “This plan allows us to build on that success and prepare for the longer and more frequent droughts we know are coming under climate change, in a way that is equitable and cost-effective. Efficiency is the cheapest and smartest way to extend our water resources.”

The plan involved extensive stakeholder outreach and engagement, with more than 20 public meetings held around the state. In order to implement the key actions of this plan, the agencies will continue to solicit stakeholder and public input.

Other key elements of the plan include:

- Bans on wasteful practices, such as hosing sidewalks and watering lawns after rain.
- Technical assistance, financial incentives and standards to guide water suppliers’ efforts to detect and repair leaks.
- Requiring urban water suppliers to prepare water shortage contingency plans, including a drought risk assessment every five years.
- Requiring more agricultural water suppliers to submit plans that quantify measures to increase water use efficiency and develop adequate drought plans.

- Monthly reporting by urban water suppliers on water usage, conservation achieved and enforcement efforts
- Improved drought planning for small water suppliers and rural communities.

Some of the actions described in the report will require new legislation and expanded state authority, while others can be implemented under existing authorities. All aim to achieve the four main objectives of the Governor's [Executive Order B-37-16](#): use water more wisely, eliminate water waste, strengthen local drought resilience, and improve agricultural water use efficiency and drought planning.

The plan, Making Water Conservation a California Way of Life, Implementing Executive Order B-37-16, was prepared by the Department of Water Resources, the State Water Resources Control Board, the Public Utilities Commission, Department of Food and Agriculture and the Energy Commission. For more information on the development of the plan visit www.water.ca.gov/wateruseefficiency/conservation/.

Senate Confirms Gorsuch as Supreme Court Justice

The Senate confirmed Judge Neil Gorsuch as the next Supreme Court justice today on a mostly party-line vote, 54-45. Democrats Joe Manchin III of West Virginia, Heidi Heitkamp of North Dakota and Joe Donnelly of Indiana joined all Republicans present in voting to confirm. Republican Johnny Isakson of Georgia did not vote..

April 24 Set for Perdue Senate Confirmation Vote

There's finally light at the end of agriculture secretary-designate Sonny Perdue's confirmation tunnel as Senate Majority Leader Mitch McConnell (R, KY) late this week announced the full Senate will vote on Perdue's nomination when the chamber returns from spring recess on April 24. The vote will be held at 5:30 p.m.

House Agriculture Committee Chair Mike Conaway (R, TX) and panel ranking member Rep. Collin Peterson (D, MN) sent a letter this week to McConnell, Minority Leader Chuck Schumer (D, NY), Senate Agriculture Committee Chair Pat Roberts (R, KS) and ranking member Sen. Debbie Stabenow (D, MI), thanking the ag committee for its swift approval of Perdue's nomination, acknowledging Perdue's qualifications, and telling the Senate leaders, "We support and eagerly await his confirmation in the full Senate."

Perdue dodged a bullet earlier in the week when Sens. Bob Menendez (D, NJ) and Marco Rubio (R, FL), the Senate's strongest critics of normalizing trade relations with communist Cuba, put holds on the former Georgia governor's nomination based on concerns they have over his position in support of lifting the U.S. embargo on trade with Cuba. After personal calls from Perdue explaining he supports removing financing restrictions on currently allowed trade, both men lifted the holds.

Perdue now has a fairly clear road to confirmation, his nomination nearly unanimously approved by the Senate Agriculture Committee. The lone "nay" vote was cast by Sen. Kirsten Gillibrand (D, NY), who said at the 11th hour she was concerned about Perdue's stand on federal food stamps, despite his public statement of support for the program in response to a Gillibrand question during his confirmation hearing.

It was hoped the Democrats would cooperate and allow a voice vote on the Perdue nomination this week. However, the partisan politics surrounding the full Senate vote to confirm Judge Neil Gorsuch to the Supreme Court – including the over-hyped "nuclear option" by McConnell to change Senate rules to allow Gorsuch's nomination to be approved on a simple majority vote – nixed the voice vote option.

HELP Committee Hears Gottlieb as FDA Commissioner Nominee

Dr. Scott Gottlieb, President Trump's nominee to be FDA commissioner, had his day in the Senate this week when the full Senate Health, Education, Labor & Pensions Committee (HELP) held his confirmation hearing. FDA is the primary regulator of the animal food and animal drug industries. The tenor of the committee was split between GOP members who consistently thanked Gottlieb for "sacrificing" a lucrative private sector career to lead the FDA, and Democrat members who saw that successful career, including investment in venture capital firms and consulting contracts with major pharmaceutical companies, as creating possible conflicts of interest. Sen. Orrin Hatch (R, UT) at one point asked Gottlieb, "Why would want to do this?"

As to his personal financial situation, Gottlieb submitted to the committee prior to his hearing formal documents outlining his divestiture of regulated industry investment, and his intention to recuse himself for at least a year from any issues related to his former employers or investments. Committee Chair Lamar Alexander (R, TN) reminded the committee that Gottlieb's actions met the criteria for federal conflict of interest avoidance.

The morning-long hearing focused mostly on the human health side of FDA, with questions related to human drug approval speeds, medical device issues and opioid addiction intervention taking most of the time. On the food side of the FDA equation, Sen. Pat Roberts (R, KS), chair of the Senate Agriculture Committee, got Gottlieb on record favoring setting implementation priorities for the Food Safety Modernization Act (FSMA). Gottlieb told the committee he supports FSMA, and wants to ensure "FSMA is implemented in the proper way, and that we're striking the right balance with respect to that implementation."

Roberts also told Gottlieb he wants to see greater coordination between FDA and USDA on food labeling issues, particularly as USDA moves to implement the consumer information biotech labeling law enacted last year. Gottlieb committed to greater coordination as an issue of public health.

The committee must still vote to approve the Gottlieb nomination – which looks highly likely – but that won't happen until after Congress returns from its Easter recess on April 24.

Senate HELP Panel Narrowly Approves Acosta Nomination for Labor Secretary

Law school dean R. Alexander Acosta, President Trump's nominee to be Secretary of Labor, saw his nomination last week approved by the Senate Health, Education, Labor & Pensions (HELP) Committee on a narrow 12-11 party line vote. Acosta got the labor secretary nod when Trump's original pick, fast food executive Andrew Puzder withdrew his name from consideration.

Acosta, a Cuban American former Justice Department civil rights division lawyer, and a former member of the National Labor Relations Board (NLRB), has been dean of Florida International University law school since 2009.

Democrats, led by committee ranking member Sen. Patty Murray (D, WA), said they opposed Acosta's nomination because he hasn't demonstrated a willingness to push back on Trump administration labor policies. Questions about workplace rules asked during his confirmation hearing, Murray said, were evaded, and Acosta wouldn't give his opinion on Obama administration labor rules on overtime pay, new requirements on retirement advisors and worker protection rules.

Committee Chair Lamar Alexander (R, TN) called Acosta's career "impressive," and said, "We're fortunate to have a presidential nominee... who understands how a good-paying job is critical to helping workers realize the American dream. He's been confirmed by the Senate three times, and I expect we'll confirm him a fourth."

With Acosta's committee approval, and agriculture committee near-unanimous endorsement of former Georgia Gov. Sonny Perdue's nomination to be Secretary of Agriculture, only the nomination of Robert Lighthizer to be U.S. Special Trade Representative (USTR) needs committee approval.

EPA Items

SCOTUS Won't Mess with WOTUS – The Supreme Court this week denied a petition from the Department of Justice to halt ongoing cases in federal court relative to whether federal district court or federal appeals court is the proper venue for hearing challenges to the Obama Administration's "waters of the U.S." (WOTUS) rulemaking. In his February executive order, President Trump told

EPA to begin the formal process of rescinding the WOTUS rulemaking – held in abeyance by federal court order since it was finalized – and review how best to repropose the rule. DOJ asked the high court to stay industry and state challenges to the rule while the EPA conducts its review. However, because the case before the Supreme Court is deals only with district versus appeals court jurisdiction, the stay is unnecessary the high court said. In a related development, 11 Senators sent a letter to EPA Administrator Scott Pruitt asking him to explain how the agency will go about reproposing the water rule, contending more details are needed to avoid “uncertainty among farmers, developers and other stakeholders that want clarity about what water bodies the law protects from pollution.”

NRDC, Pesticide Action Network Want Fed Court to Order Ban on Chlorpyrifos – With EPA Administrator Scott Pruitt’s announcement last week that his agency will not move to ban the pesticide chlorpyrifos, the Natural Resources Defense Council (NRDC) and the Pesticide Action Network this week petitioned a federal court to order the agency to ban the chemical as soon as possible. NRDC, building on its 2007 petition to EPA to ban chlorpyrifos, said the pesticide should be banned based on health risks, but EPA’s decision said a regular review to be completed in 2022 will deal with any health allegations made about the chemical. NRDC and the pesticide activist group said EPA has spent enough time studying the effects of chlorpyrifos – a point reiterated by at least one court decision – especially when it comes to the health effects on children. They also reference a 2015 EPA study that concludes the ban is justified.

State Ag Departments: Fully Fund USDA, FDA and EPA Discretionary Spending

Farmers need all the help they can get during the current depressed farm economy, and the National Association of State Departments of Agriculture (NASDA) told Congress it needs to fully fund USDA, EPA and FDA discretionary spending.

NASDA sent congressional appropriators a letter this week in which it requested \$100 million be allocated for state obligations under the Food Safety Modernization Act (FSMA), and called for full funding of USDA’s competitive research grant program. It also wants to see about \$950 million appropriated for the Animal & Plant Health Inspection Service (APHIS) at USDA to bolster animal and poultry disease response.

Full funding for the Specialty Crop Block Grant Program for the states is requested, along with an end to a ban on USDA-regulated horse slaughter. The group of state ag commissioners and secretaries wants the National Agricultural Statistics Service (NASS) to get about \$177 million in FY2018. At EPA, NASDA wants to see about \$128 million allocated to the Office of Pesticide Programs, \$165 million to assist states in controlling non-point source water pollution, and \$5 million for state pollinator programs.
