



California Association of Wheat Growers



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[Association Meets with Assemblymember Sebastian Ridley-Thomas](#)

On Wednesday, July 12 the Association and the California Agricultural Community sat down with Assemblymember Sebastian Ridley-Thomas (D) to discuss the new import tax. Ridley-Thomas whom represents Assembly District 54 and currently serves as the chair of the Assembly Committee on Revenue and Taxation, was receptive of the agricultural industries thoughts and concerns.

Community groups in attendance included CA Farm Bureau, California Poultry Federation, Monsanto, CA Rice, CA Dairy, CA Wine Grape Growers, Ag Council, and Kahn, Soares, and Conway.

In the meeting, Assembly member also shared one of his current goals: to increase inner city school students exposure to the agricultural industry.



From Left to Right: George Gough, Monsanto, Assemblymember Ridley-Thomas, and Karli Quinn, Associate Director at AAMSI

California Legislative Report

By Dennis Albiani, Legislative Advocate

Second House Policy Deadline Nears

Friday, July 14 was the last day for fiscal bills to move out of the second house policy committee. July 21st is the last day for non-fiscal bills to move out of committee and is also the first day of the legislative summer break. They return on August 21st and will work until the September 15th deadline. Below is a description of some of the activities occurring this week.



Making Water Conservation a Way of Life Legislation

Water conservation has been a priority for the Brown administration and several members of the legislature. The Governor released trailer bill language earlier this year and several legislators also introduced water conservation legislation. All of the long term water conservation bills, (conservation as a way of life) AB 1667, AB 1668, AB 1654 and AB 1323 were the subject of a special order of business in Senate Natural Resources and Water Committee on July 11.

All the bills, except AB 1667, were stripped of substantive provisions and passed out of committee to Appropriations to be used at a later date for the long term conservation issue if consensus can be reached. Negotiations will occur during the summer break.

AB 1667 was the bill drafted with the provisions impacting agriculture. While negotiations with the ag industry had resulted in a compromise bill, the author put the Governor's original language and all the urban conservation language in the bill prior to committee. This action raised significant concerns. Due to the issues, the bill was held in Committee.

Bill with Water Use Fee Raises Concerns

Water quality, especially in economically disadvantaged communities, has been a significant issue for several years, exaggerated by the recent drought. The State Water Resources Control Board and their enforcement division has identified nitrate contamination in groundwater as a priority issue. For many urban water districts other issues such as perchlorate, arsenic, chrome 6 and other pollutants are also impacting water quality and the district's ability to meet drinking water standards. The biggest issue for retail water users is compliance with contaminant levels. **SB 623 (Monning)** is intended to provide funding to address all water quality issues. It is currently a vehicle for a few specific issues including:

- Funding for water quality clean up, providing funds for operations and maintenance of facilities required to provide replacement water, and groundwater clean-up.
- They are discussing a general water fee per water hook up on urban retail water users and specific fees on entities such as agriculture.
- Liability protection for nitrate users in ag.

The draft proposed language for **SB 623 (Monning)** includes a retail water fee to raise \$110 million to address water quality issues. There would be a second fee on ag to raise \$30 million more dollars. Details have not been released but a standardized fee using the existing fertilizer mill assessment is one option gaining momentum. Several in the agriculture community have been working diligently to obtain the liability protections from enforcement in exchange for the ongoing fee. The association has been working on the proposal, emphasizing regional solutions focused on the areas with the contamination problems and focused payments.

House Passes Drought Bill; California Delegation Split

A controversial legislative plan to bring relief to drought-stricken California was approved by the House last week, with state GOP House members praising the action and California's two Democrat Senators vowing to oppose the measure. Even Democrat Gov. Jerry Brown weighed in to the fray, saying the House bill is a "federal power grab."

Congress approved a bipartisan California drought package last year, but House Republicans continue to push for a more "comprehensive plan."

The bill would allow more water to be directed to the state's main agriculture regions, and bill author Rep. David Valadao (R, CA) says the ensures reliable water supplies in the Central Valley by modifying some environmental protections and including language to speed up dam construction across the western half of the U.S.

The bill's chances of passing in the Senate are low. Sen. Dianne Feinstein (D, CA) has long opposed the Valadao approach, saying it eliminates protections for endangered fish species in the Sacramento-San Joaquin Bay-Delta, and preempts state laws. She's joined in opposition by newly elected Sen. Kamala Harris (D, CA). The two Senators said the state deserves a "sensible and responsible water solution – this measure doesn't even come close to meeting that test."

Brown, in a letter to House Speaker Paul Ryan (R, WI) before last week's vote, said, "This bill overrides California water law, ignoring our state's prerogative to oversee our waters. Commandeering our laws for purposes defined in Washington, is not right."

Trump Nominates ASA CEO Censky to be USDA Deputy Secretary

American Soybean Assn. (ASA) President & CEO Stephen Censky has been nominated by President Trump to be deputy secretary of agriculture, USDA's No. 2 spot and the administrator charged with keeping the trains running on time at the department.

Agriculture Secretary Sonny Perdue applauded the president's choice of Censky, saying, "Our work has only just begun on delivering results for the people of American agriculture, and the experience and leadership skills of Stephen Censky will only enhance our efforts. I am extremely pleased with the nomination for this key position and am hopeful the Senate will take it up in short order."

Censky headed ASA for 21 years, and was wrapping up the association's summer board meeting and fly-in in Washington, DC, when the announcement was made by the White House. As a policy veteran, he began his career as a legislative assistant on ag and transportation issues with former Sen. James Abdnor (R, SD), and held USDA positions in the Reagan and George H.W. Bush administrations, leaving the department as director of the Foreign Agricultural Service (FAS) to take the reins at ASA. Censky graduated from South Dakota State University, and holds a postgraduate degree from the University of Melbourne in Australia.

Censky's nomination, long rumored within the agriculture community, gives hope to observers who want to see several other USDA subcabinet slots filled sooner rather than later. Trump last week blamed Senate Democrats for dragging their feet on executive branch nominations, calling their actions "needless obstruction." Agriculture Secretary Sonny Perdue says paperwork, FBI checks and actions by the Office of Government Ethics have slowed down the process unnecessarily.

Other subcabinet nominations expected to be announced as early as this week include Iowa Agriculture Secretary Bill Northey to be under secretary for farm services; Indiana Agriculture Director Ted McKinney, a close friend and appointee of former Indiana Governor, now Vice President Mike Pence, as undersecretary for trade, and Iowa economist Dr. Sam Clovis, an early Trump supporter, to be undersecretary for research, education and economics. The list also includes Nebraska Agriculture Director Greg Ibach to be under secretary for marketing and regulatory programs.

House Approps Panel Approves FY2018 Ag/FDA, Energy/Water Spending Bills; Trump Cuts Ignored

The full House Appropriations Committee kicked into high gear last week, approving six of its 12 FY2018 spending bills, including agriculture/FDA and energy/water packages.

On a voice vote the committee approved \$20 billion in discretionary funding for the coming fiscal year, \$876 million less than FY2017, but \$4.64 billion more than recommended by President Trump. A more than 20% cut to USDA's budget was part of the Trump plan.

USDA's guaranteed farm operating loan program received a \$200-million hike over this year, but cuts other department loan programs.

The ag/FDA bill includes \$1.5 million in new money to be shared by USDA and FDA to create and implement a broad consumer education program on the benefits of biotechnology, included in bill report language is the committee's expectation the two agencies will "continue efforts to educate the public on the safety and benefits of crop biotechnology, and food and animal feed ingredients derived from biotechnology." The money is designed to counter anti-biotech groups who industry contends mislead consumers and disparage the technology unfairly. The new USDA undersecretary for trade is also instructed to prioritize trade issues related to biotechnology.

The committee rejected an amendment 27-25 by Reps. Louise Roybal-Allard (D, CA) and Charlie Dent (R, PA) to withhold funding from USDA to certify horse slaughter facilities. The ban on spending has been included in the last few omnibus spending packages, and animal rights proponents will likely try to reinsert the language on the House floor.

USDA conservation programs will be funded at \$1.6 billion, and Conservation Stewardship Program (CSP) and the Environmental Quality Incentives Program (EQIP) sustained no cuts. The Market Access Program (MAP) was funded at \$200 million, and the Foreign Market Development Program (FMD) received about \$38 million, both in line with FY2017 funding. Ag research programs get \$2.8 billion, and rural development programs receive \$2.6 billion, both slightly less than in FY2017. Animal and plant health spending is pegged at \$906 million, \$40 million less than this year, and food safety gets \$1.038 billion, about \$6 million more than this year, and international food donation programs and export promotion receive \$1.8 billion, including \$1.4 billion for the Food for Peace program and \$185 million for the McGovern-Dole international children's food donation program.

FDA's spending totals \$2.8 billion on the discretionary side, with total spending – including existing user fee authority – coming in at \$5.2 billion, nearly \$500 million more than FY2017, with specific direction that \$300 million go to food safety programs, including implementation and enforcement of the Food Safety Modernization Act (FSMA). The FY2018 spending total for the Commodity Futures Trading Commission (CFTC) came in at \$248 million, \$2 million less than in FY2017, and far less than acting CFTC Chair J. Christopher Giancarlo's independent request for \$31.5 million increase over FY2017.

The Energy Department, the U.S. Army Corps of Engineers and other related agencies allocates \$37.6 billion for energy and water funding, \$209 million less than FY2017. Harbor maintenance is funded at \$1.34 billion, \$40 million more than this year, and the same level called for in the Water Resources Reform & Development Act (WRRDA) passed in 2014.

The bill also carries language – as does the pending EPA spending bill – that authorize EPA and the Corps to rescind the “waters of the U.S. (WOTUS)” rule by exempting that process from the Administrative Procedures Act (APA) notice-and-comment requirements normally in place to repeal an existing rule.

Trump Nominations Speeding Up

The White House released several formal nominations of known aggies for subcabinet jobs across the government, including several of interest to the agriculture community.

Senate Agriculture Committee ranking member Sen. Debbie Stabenow applauded last week the nomination of her committee ag counsel, Rostin “Russ” Behnam, to be a Democrat commissioner on the Commodity Futures Trading Commission (CFTC). Behnam has handled Stabenow’s CFTC and USDA policy work since 2011, and practiced law in New York and in the New Jersey attorney general’s office. Behnam’s nomination is expected to move with that of Dawn Stump, GOP former ag committee staffer, whom the president has also nominated to the CFTC.

Former Texas Agriculture Commissioner Susan Combs – the first woman to hold that job – has been nominated to be Department of Interior assistant secretary for policy, management and budget. Combs, who was on the short list to be secretary of agriculture, was also Texas comptroller, a member of the state House and comes from a cattle ranching family.

USDA assistant secretary for legislation in the Bush administration, Mary Kirtley Waters has been nominated to be State Department assistant secretary for legislation. Waters, who worked for a House member, spent 15 years as senior director and legislative counsel in the ConAgra Foods Washington office before serving as president of the North American Millers Assn. (NAMA). She was also vice president for corporate relations at the Federal Agricultural Mortgage Corporation (FarmerMac). Waters is an Illinois native, receiving her BA from the University of Illinois and her law degree from George Mason University.

Senate Environment & Public Works Committee (EPW) Chief Counsel Susan Bodine was approved by the committee on a party line vote this week to be EPA's assistant administrator for enforcement and compliance assurance. Lead lawyer of EPW, Bodine has worked for committee Chair Jim Inhofe (R, OK) since 2015. She's a former assistant administrator in EPA's Office of Solid Waste & Energy Response under President George W. Bush. She also worked on the House Transportation & Infrastructure Committee.

Perdue Authorizes Emergency Haying on CRP

Secretary of Agriculture Sonny Perdue this week gave the green light to emergency haying on Conservation Reserve Program (CRP) acres in drought states, bolstering his earlier order allowing emergency grazing on CRP acres in hard-hit drought states, including the Dakotas and Montana.

Because the drought is not abating and there's been "increasing degradation" of forage, Perdue said emergency haying can begin July 16, two weeks earlier than the normal August 1 haying allowance start date. Ranchers contended the emergency grazing order released earlier wasn't enough relief because of fencing and watering needs in the regions.

North and South Dakota congressional delegations applauded the USDA move, with Sen. John Thune (R, SD) saying that while the haying order is only an extra two weeks, "when faced with conditions as severe as they currently are, every single day matters."

Several ag groups, including the U.S. Cattlemen's Assn. (USCA), sent Perdue letters urging the emergency haying order, and USDA went beyond the request by allowing haying up to 150 miles beyond D2 counties, those counties designated by USDA's Drought Monitor as the most severely impacted.

House Ag to Hit the Road with Farm Bill Outreach

The House Agriculture Committee, building off its successful 2018 Farm Bill listening session in Gainesville, Florida, last month, is taking the farm program show on the road again, scheduling three more listening sessions in the next 30 days.

The second listening session will be held in San Angelo, Texas, on July 31, the heart of committee Chair Mike Conaway's (R, TX) district. The committee will then decamp to Morgan, Minnesota, on August 3, visiting ranking committee member Rep. Collin Peterson's (D, MN) district. The third listening session will be held August 5, in Modesto, California, the heart of the district represented by committee member Rep. Jeff Denham (R, CA).

House Freedom Caucus Tosses Its Tax Reform Plan into the Policy Mix

The House Freedom Caucus, a far-right conservative contingent in the GOP majority, this week weighed into the tax reform debate by recommending the corporate tax rate be cut to 16%, while doubling the standard deduction for individual taxpayers.

House Speaker Paul Ryan's (R, WI) tax reform plan would reduce the top corporate tax rate from 35% to 20-22%, while President Trump says he wants to see a 15% top business rate. All three numbers are predicated on shifting U.S. businesses into more competitive position with overseas competitors.

The Freedom Caucus tax recommendation was released at a caucus press conference calling for leadership to keep the House in session into its August recess unless the chamber has dispensed with an increase in the federal debt limit, completed health care repeal/replacement, and agreed on “the principles of tax reform.”

Caucus Chair Rep. Mark Meadows (R, NC) said at the press event, “We must agree on a set of principles where we start working on legislative text for tax reform. We need to be bold on that.” A 16% rate, Meadows says, addresses “base erosion” on the tax rates of other nations, and “it gets you to the point where the investment in the U.S. becomes extremely attractive for multinational corporations.”

The caucus also reiterated its opposition to a border adjustment tax (BAT), a new value-added levy on imported products supported by Rep. Kevin Brady (R, TX), chair of the Ways & Means Committee. A BAT is widely opposed by conservatives, much of the Senate and by the business community as a job killer and punitive to U.S. companies relying on foreign ingredients and components. Meadows says a 16% rate mitigates the need for a BAT.