

# Federal Policy Update

**TOM SELL, COMBEST, SELL & ASSOCIATES**

**SEPTEMBER 2022**



# Meet the Team



**TOM SELL**



**COLLIN PETERSON**



**JEFF HARRISON**



**JIMMY CLARK**



**BRAD WEDDELMAN**



**LINSEY CROWELL**



**BRANDON WILLIS**



**JILL WHITLEY**

# AGRICULTURE IN THE SOUTHWEST



## \$250 BILLION ECONOMIC IMPACT \$61 BILLION IN SALES



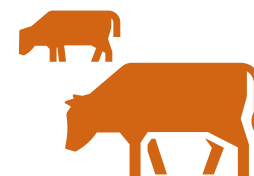
46% of the nation's cotton originates in this region.



This region accounts for 34% of the national wheat production; 1.2 billion bushels of corn equivalent to 8% of the national corn production; 1.3 billion pounds of rice; and 89% of the nation's sorghum production.



The region is well known for its ability to successfully produce high-value diversified crops such as; peanuts, wine grapes, sugar, citrus, and other specialty crops.



The region is the largest cattle feeding region in America totaling 26 million head. Cow-calf sales in this region account for 37% of the national total.



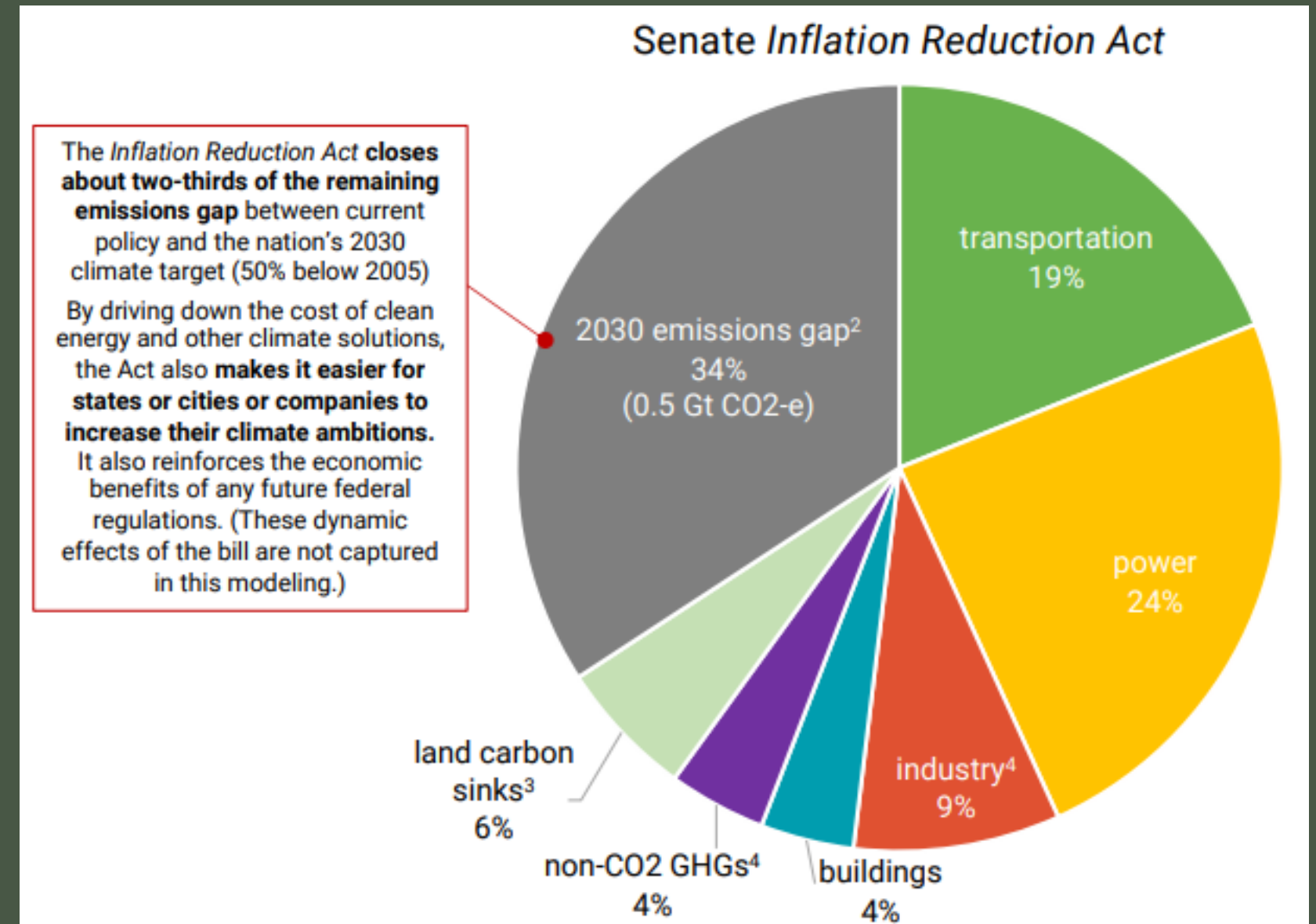
The dairy industry accounts for \$4.9 billion dollars annually.



The 449,896 farms in the region farm 279 million acres - virtually all family-owned businesses.

# Democratic Reconciliation Package

- \$740 billion *Inflation Reduction Act* -- Climate, Healthcare, Tax.
- Democrats claim the bill will reduce the deficit by \$300 billion over 10 years.
- Estimated to raise \$700+ billion in government revenue over 10 years
  - 15% corporate minimum tax on large firms (profits over \$1 billion)
  - 1% excise tax on the value of stock buybacks
  - \$80 billion for IRS enforcement - 87,000 new hires



CONTRIBUTIONS TO ADDITIONAL NET U.S. GREENHOUSE GAS EMISSIONS REDUCTIONS

BELOW CURRENT POLICY NEEDED TO REACH 2030 CLIMATE TARGET

REPEAT PROJECT- PRINCETON

# Reconciliation: Ag-Related Provisions

## BIOFUELS

- \$1-a-gallon tax credit for biomass-based diesel extended through 2024
- \$500 million for blender pumps and other biofuel infrastructure
- \$2 billion for USDA's Rural Energy for America program, which funds renewable energy and energy efficiency projects
- \$9.7 billion to rural co-ops for renewable energy and energy efficiency projects and another \$1 billion in loans for renewable energy projects in rural areas

## BUREAU OF RECLAMATION

- \$4 billion for the Bureau of Reclamation to combat drought in the West

## FARM DEBT RELIEF

- \$5.3 billion in farm debt relief
  - \$3.1 billion in assistance to "distressed" borrowers who hold direct or guaranteed farm loans
  - \$2.2 billion in payments to farmers who had experienced discrimination in USDA loan programs.

# Reconciliation: Conservation

- Environmental Quality Incentives Program- \$8.45 billion, starting with \$250 million in FY 2023
- Regional Conservation Partnership Program- \$4.95 billion.
- **Conservation Stewardship Program-** \$3.25 billion
- Agricultural Conservation Easement Program- \$1.4 billion
- \$1 billion to NRCS for conservation **technical assistance**
- \$300 million is allocated to USDA for measuring the impact of agricultural practices on greenhouse gas emissions.

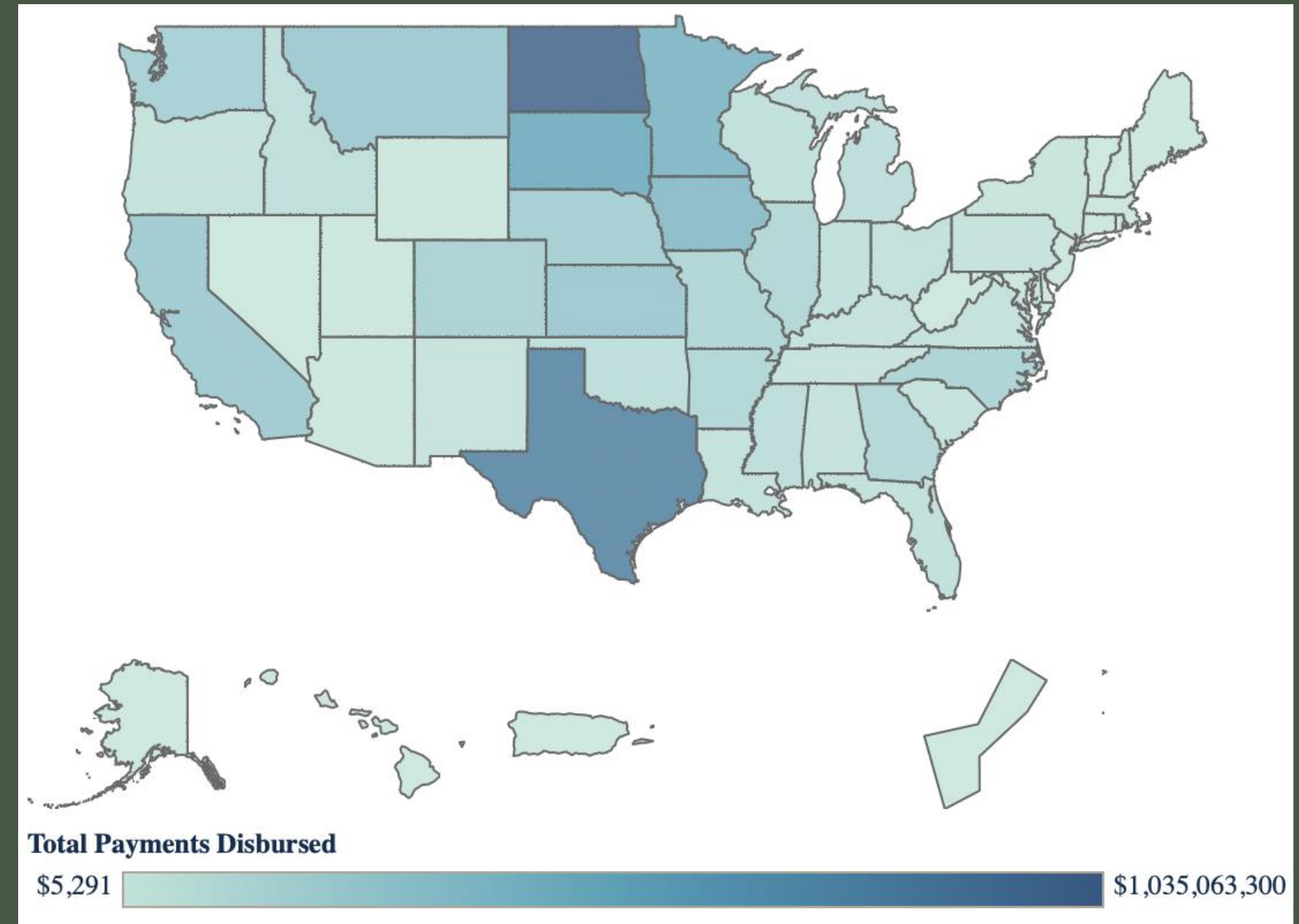
## Reconciliation Conservation Spending

(Dollars in Millions)	Actual					May 2022 CBO Baseline										
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Program																
CRP	1,879	1,953	1,902	1,853	2,090	1,844	2,132	2,269	2,285	2,406	2,431	2,408	2,411	2,429	2,433	2,489
EQIP	1,371	1,392	1,410	1,454	1,519	1,632	1,708	1,803	1,863	1,889	1,985	2,025	2,025	2,025	2,025	2,025
<i>Additons from Reconciliation</i>							250	1,750	3,000	3,450						
CSP	1,259	1,334	1,158	1,814	1,060	1,024	820	640	840	890	990	1,000	1,000	1,000	1,000	1,000
<i>Additons from Reconciliation</i>							250	500	1,000	1,500						
ACEP	421	434	300	321	312	340	375	410	450	450	450	450	450	450	450	450
<i>Additons from Reconciliation</i>							100	200	500	600						
RCPP	53	111	57	52	60	113	165	216	251	286	283	292	297	300	300	300
<i>Additons from Reconciliation</i>							250	800	1,500	2,400						

# Disaster Funding

## EMERGENCY RELIEF PROGRAM

- 268,541 applicants
- \$6.63 billion total in payments
  - \$5.71 billion in non-specialty crops
  - \$917.96 million in specialty crops



# ERP Reauthorization

- Reps. Mike Thompson (CA-05), Dan Newhouse (WA-04), Jim Costa (CA-16), Jimmy Panetta (CA-20), Cindy Axne (IA-03) and 17 members introduced the *Emergency Relief Program Reauthorization Act*, which would reauthorize ERP to provide payments for 2022 losses.
- The bill did not include a dollar amount.
  - The authors of the bill have asked USDA to specify how much money is on-hand for the program and how big 2022 losses are projected to be.



Rep. Mike Thompson  
(D-CA)



Rep. Dan Newhouse  
(R-WA)



# EPA Updates

- Atrazine proposal open for public comments until Oct 7
- Dicamba comment period closes Oct 17
- Over the summer, EPA and the Army Corps of Engineers have hosted Waters of the U.S. roundtables
- The Supreme Court will hear Sackett v EPA (Sackett II) in October. This case seeks to resolve the ongoing debate over the meaning of the "waters of the U.S." under the Clean Water Act.
- In June, the Supreme Court issued a ruling limiting the EPA's ability to regulate greenhouse gas emissions under the Clean Air Act.
- Litigation continues over chlorpyrifos. In March, the EPA said it may allow the insecticide to be used for "non-food" uses.
- Push to reauthorize PRIA early may occur to avoid getting caught up in farm bill debate

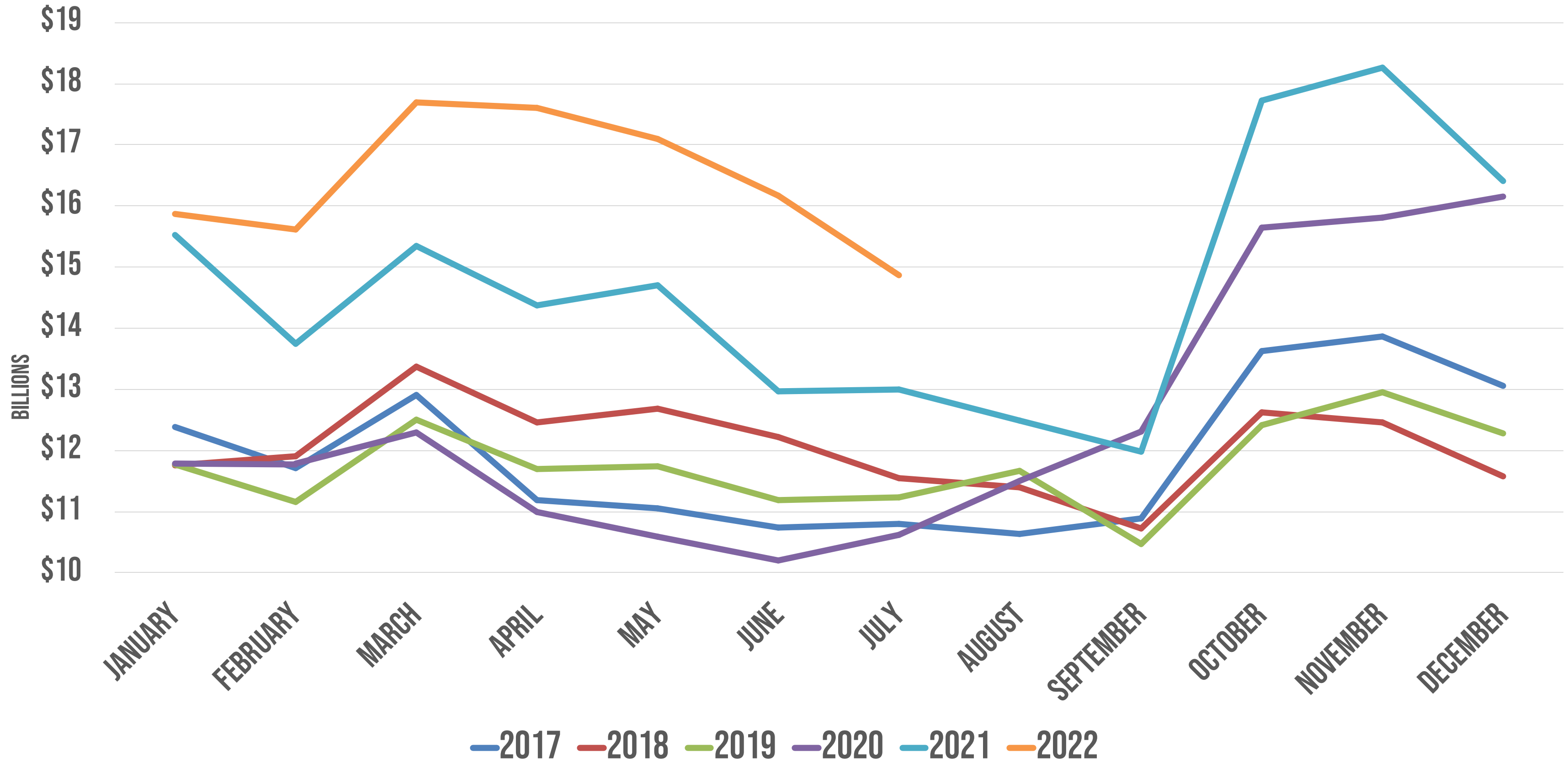


# Trade Update



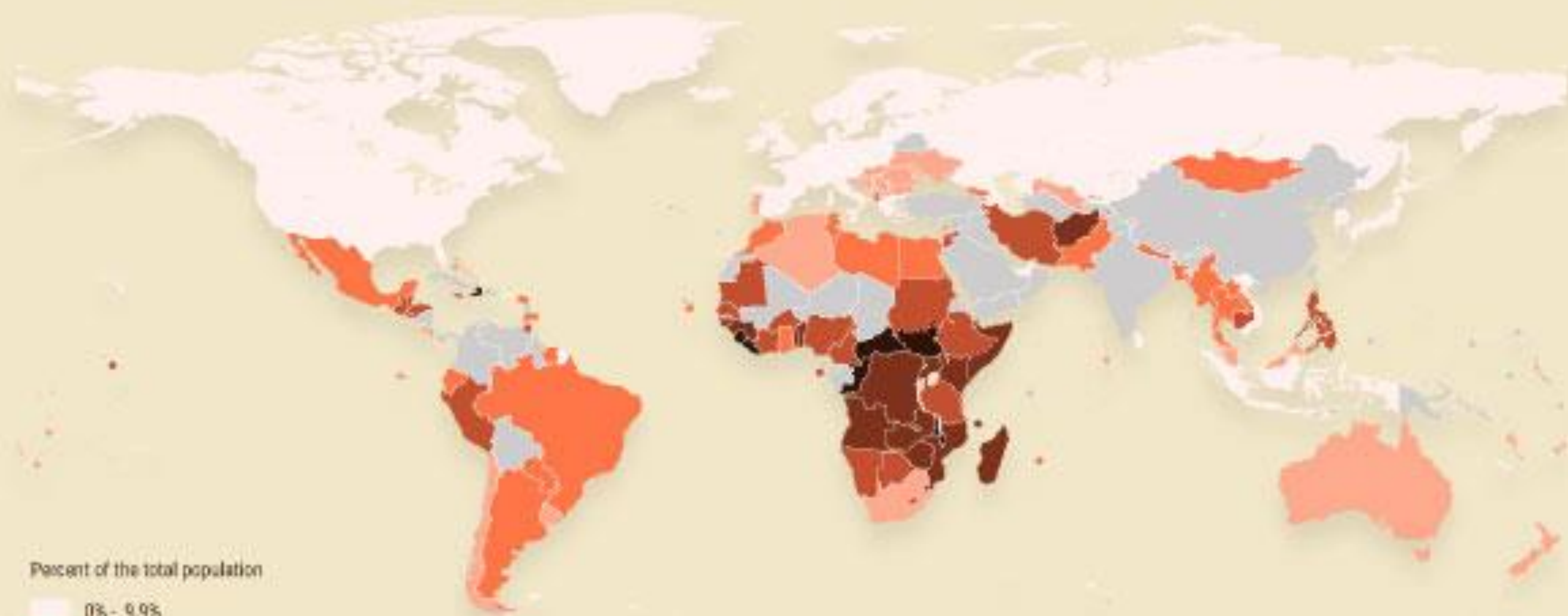
- Awaiting confirmations for Alexis Taylor (Undersecretary of Trade and Foreign Agricultural Affairs) and Doug McKalip (Chief Agriculture Negotiator)
- Biden administration has been hard to pin down on trade policy.
- Ag sales are up 15% from 2021, but inflation adjustment shows up 6%
- Pursuing trade agreements with Kenya and a dozen Indo-Pacific nations through the Indo-Pacific Economic Framework

# Agricultural Exports



# FAO FOOD INSECURITY MAP

Prevalence of Moderate or Severe Food Insecurity  
 SDG Indicator 2.1.2



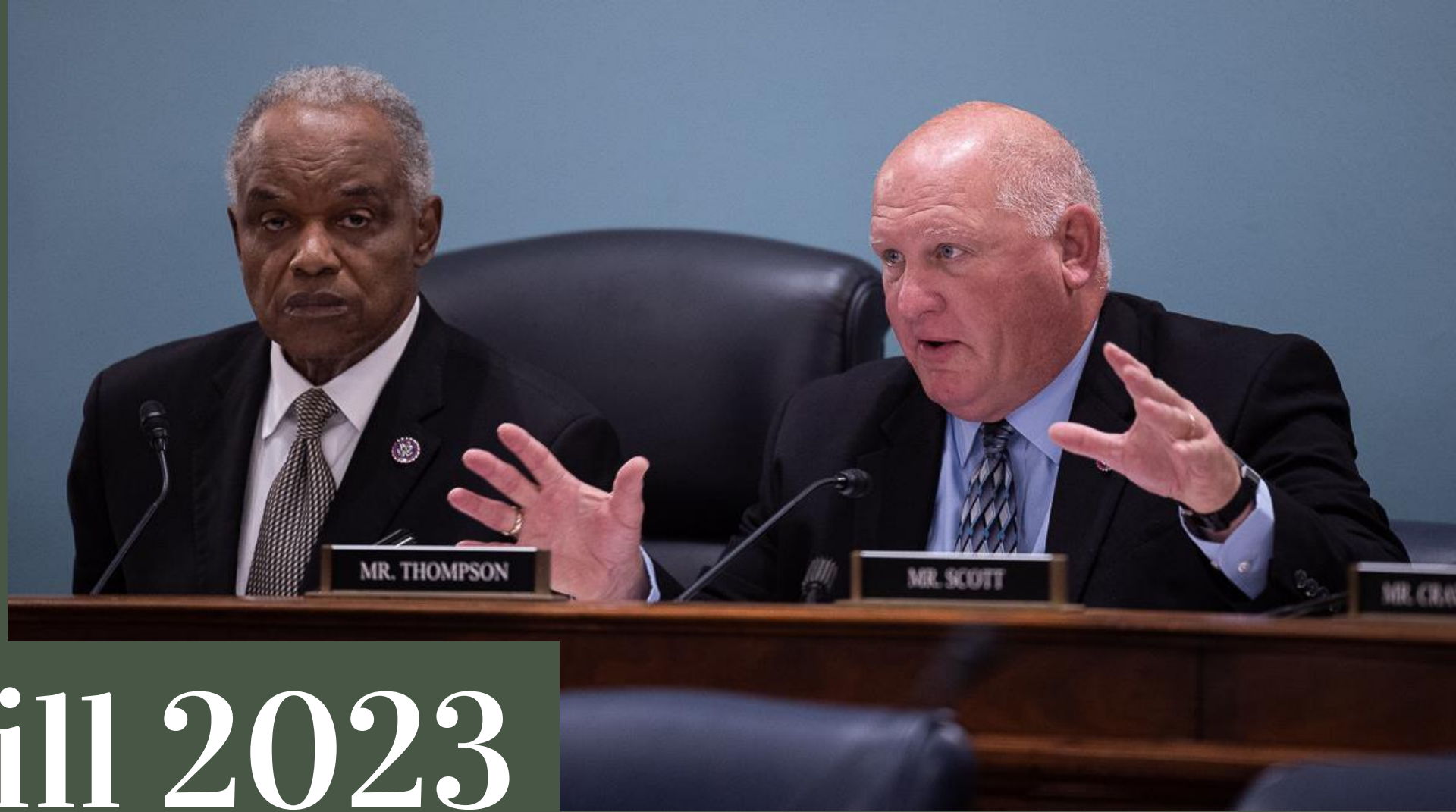
Percent of the total population



Source: FAO, ILO, IFPRI, WFP and WHO, 2022. The State of Food Security and Nutrition in the World 2022: Opportunities for food and agricultural policies to ensure healthy diets and agriculture. Data are available on FAOSTAT (<https://www.fao.org/faostat/en/#data/VS>).

The boundaries and names shown and the designations used on this map do not imply the expression of any opinion whatsoever on the part of FAO concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers and boundaries. Dotted lines on maps represent approximate border lines for which there may not yet be full agreement.

The boundary between the Republic of Sudan and the Republic of South Sudan has not yet been determined. Dotted line represents approximately the Line of Control in southern and northern Sudan as agreed upon by India and Pakistan. The final status of Jammu and Kashmir has not yet been agreed upon by the parties.



# Farm Bill 2023



# Key Players on the Hill



**SEN. DEBBIE STABENOW**

**D-MI**

**SENATE AGRICULTURE**

**COMMITTEE**

**CHAIRWOMAN**

**SEN. JOHN BOOZMAN**

**R-AR**

**SENATE AGRICULTURE**

**COMMITTEE**

**RANKING MEMBER**

**REP. DAVID SCOTT**

**D-GA**

**HOUSE AGRICULTURE**

**COMMITTEE**

**CHAIRMAN**

**REP. GLENN "GT" THOMPSON**

**R-PA**

**HOUSE AGRICULTURE**

**COMMITTEE**

**RANKING MEMBER**



# Hot Topics

LIVESTOCK MARKETING MANDATES

TITLE II AND CONSERVATION –

CLIMATE SMART INITIATIVES

AD HOC DISASTER ASSISTANCE

CROP INSURANCE IMPROVEMENTS

INVESTMENT IN THE FARM SAFETY

NET

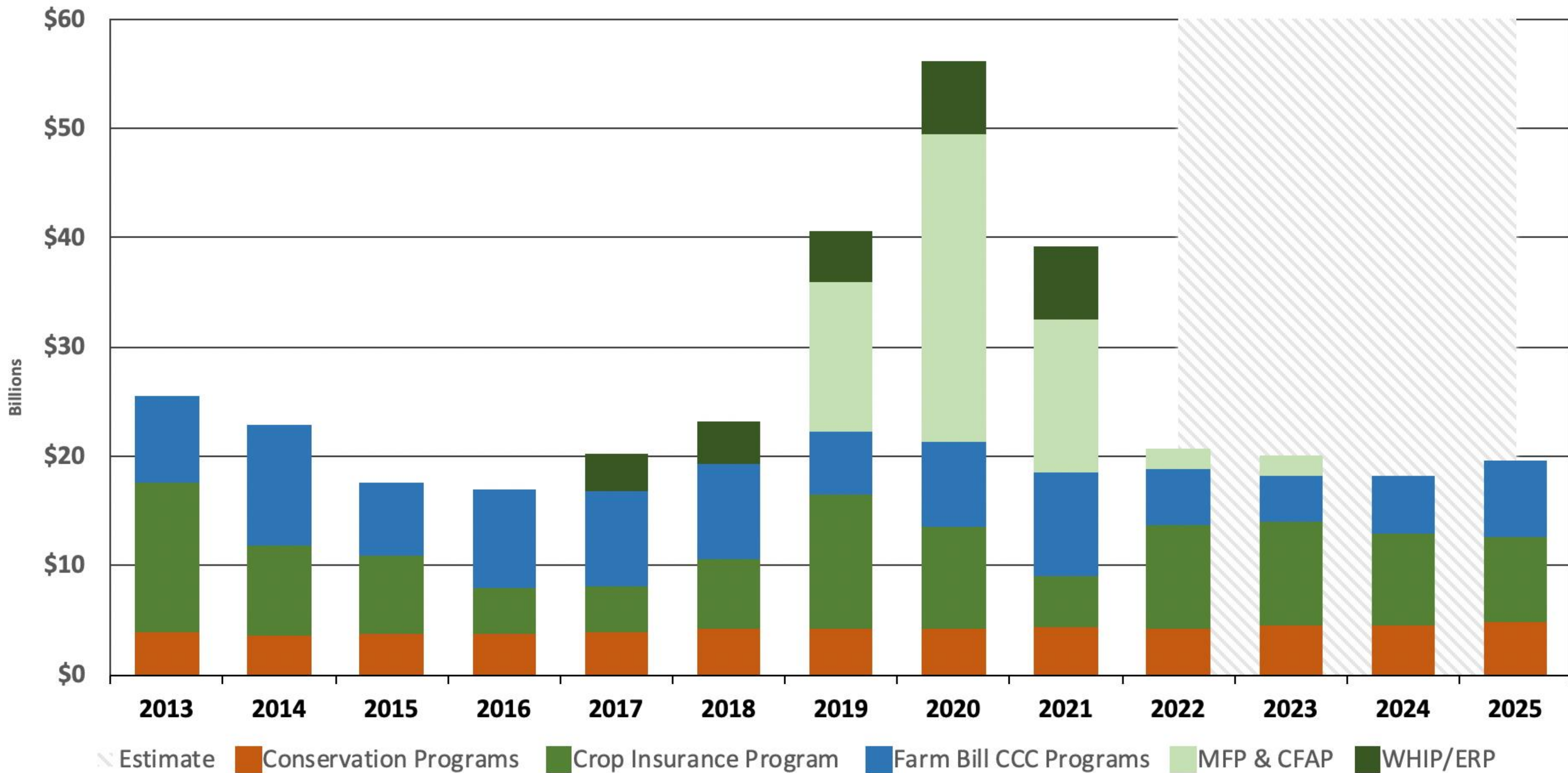
REFERENCE PRICE CHANGES/

COVERING PRODUCTION COSTS

BIOFUELS

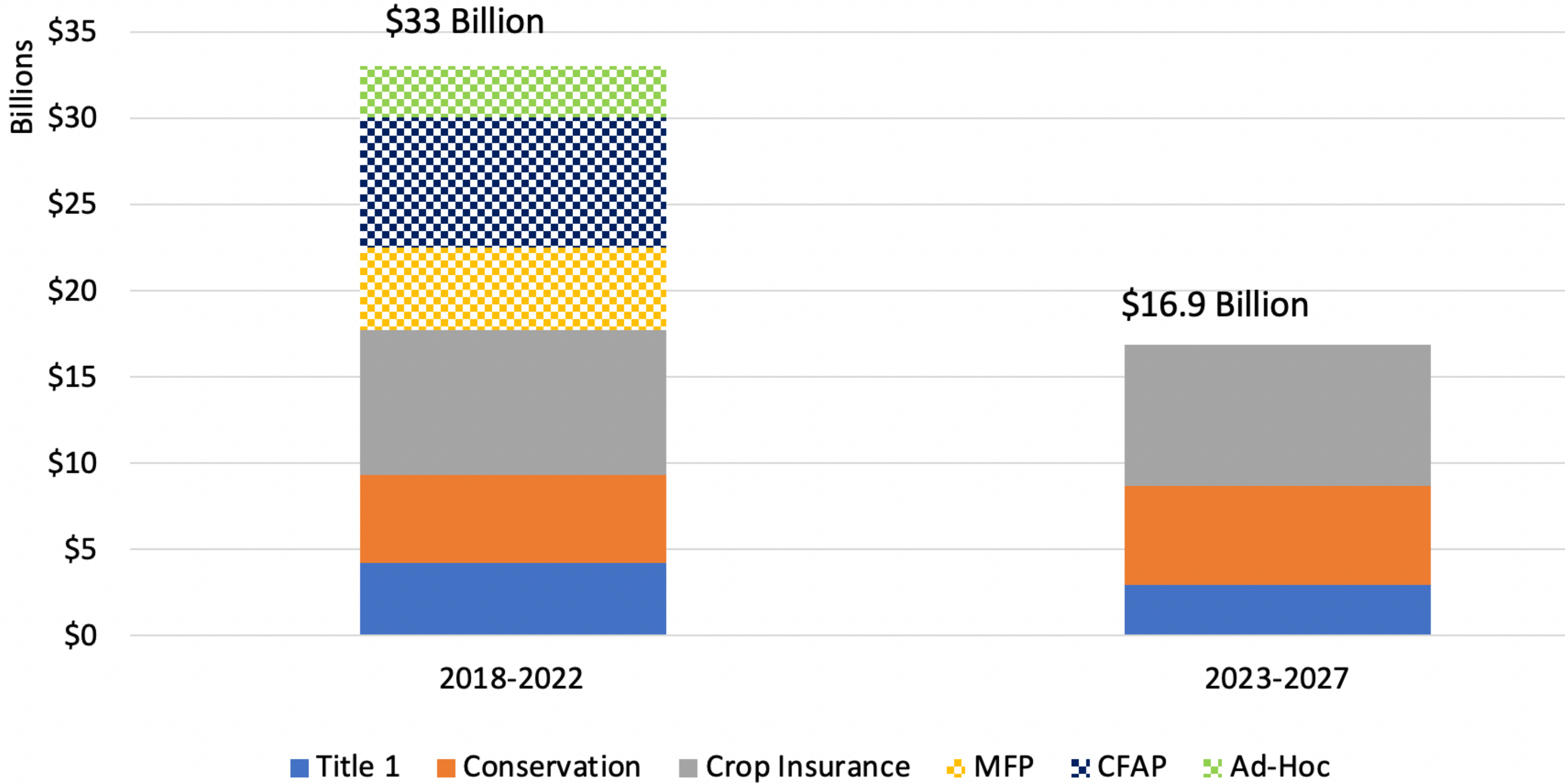


# Farm Program Spending & Baseline



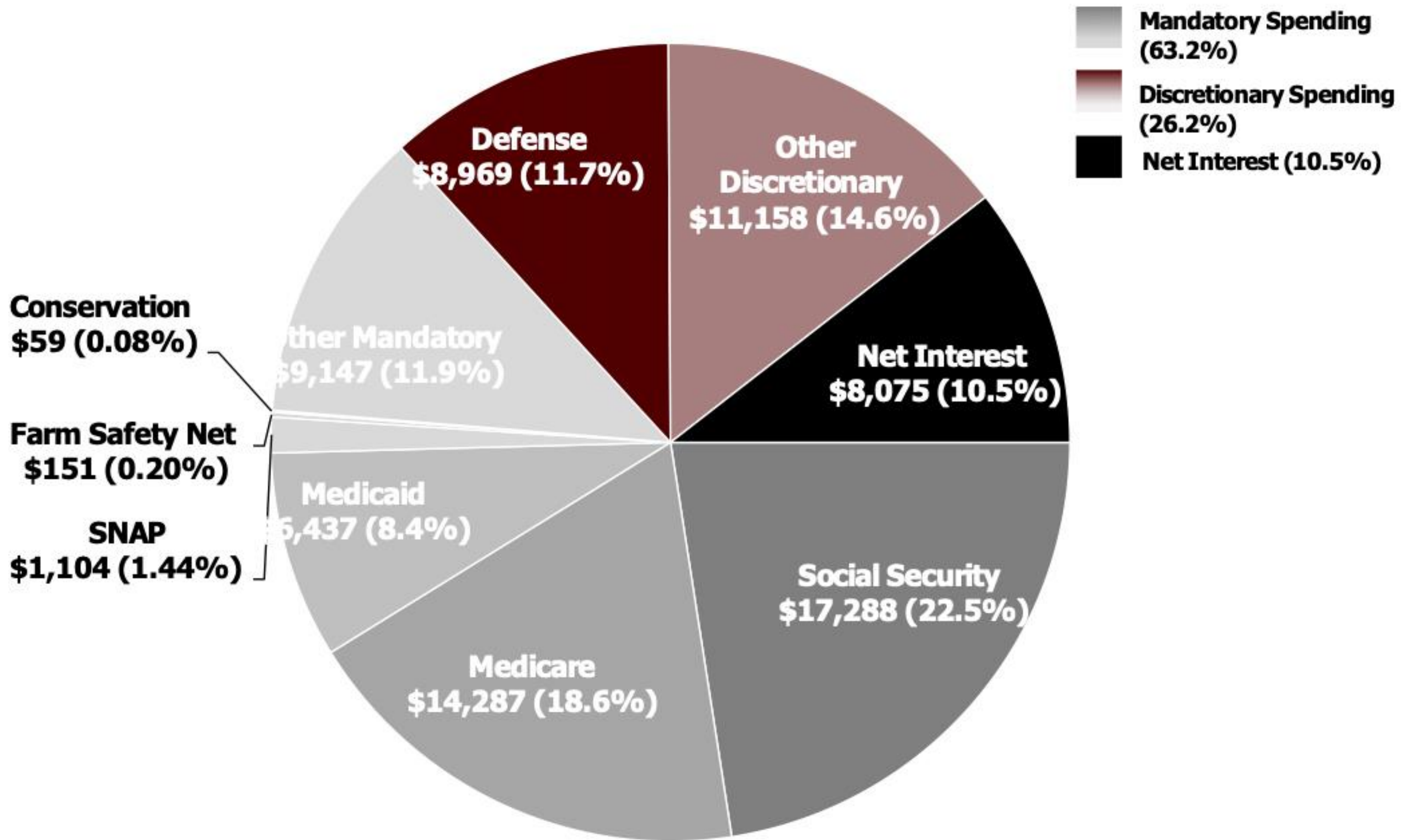


# Budget Baseline Reality



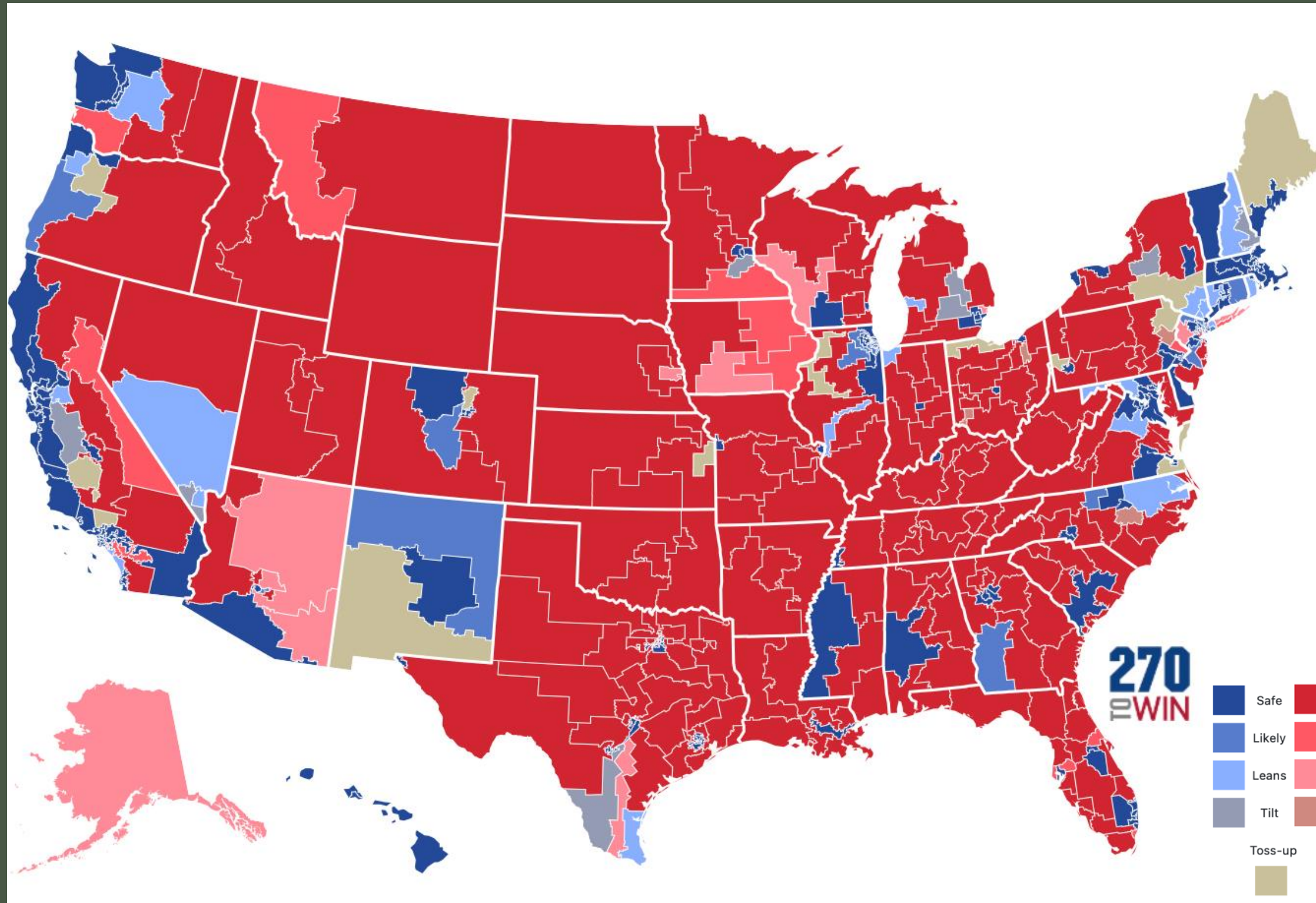
# Farm Bill Spending

	2008 FARM BILL	2014 FARM BILL	2018 FARM BILL	CURRENT MAY 2022 BASELINE
COMMODITIES	85,521	44,458	61,414	56,185
CONSERVATION	54,699	57,600	59,748	59,214
TRADE	3,637	3,574	4,094	4,810
NUTRITION	406,349	756,432	663,828	1,090,484
CREDIT	(2,627)	(2,240)	(4,558)	A/
RURAL DEVELOPMENT	221	241	(2,362)	A/
RESEARCH	383	1,256	1,219	1,300
FORESTRY	45	13	10	A/
ENERGY	879	1,122	737	500
HORTICULTURE	938	1,755	2,047	2,100
CROP INSURANCE	47,152	89,827	77,933	79,761
MISCELLANEOUS	13,530	2,363	3,091	800
TOTAL	610,727	956,401	867,201	1,295,154
<i>COMMODITIES AND CI</i>	<i>132,673</i>	<i>134,285</i>	<i>139,347</i>	<i>135,946</i>

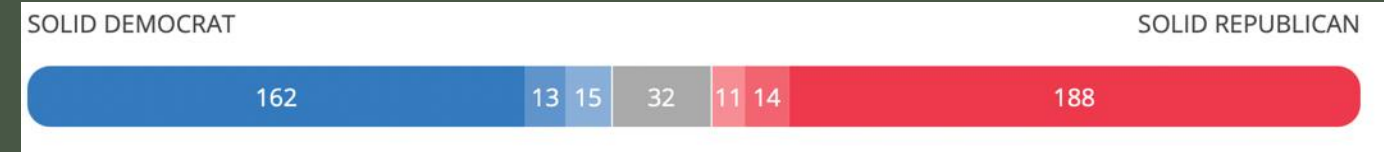


*NOTE: total outlays from FY2023 to FY2032 —\$76.7 trillion —excludes offsetting receipts of \$4.37 trillion.*

# 2022 Midterm Elections- House



THE COOK  
POLITICAL  
REPORT  
WITH AMY WALTER



RealClear Politics

**183** Democrats **218** Republicans

Toss Ups **34**

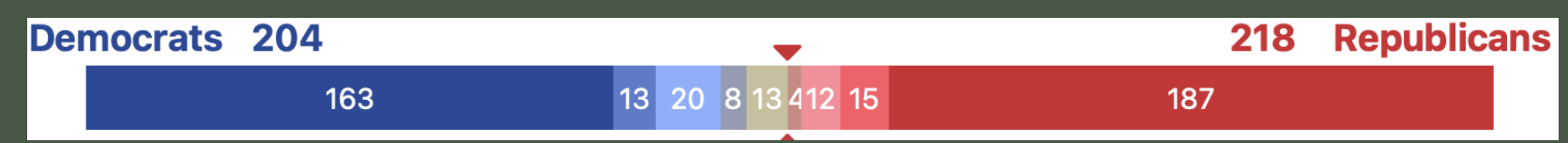
218 Seats Needed For Majority (Recent Race Changes)

Likely Dem (1R)			Leans Dem (1R)			Toss Up (28D, 6R)			Leans GOP (12D)			Likely GOP (5D)		
CA6	CA25	CT3	CA9	CA26	CO7	AKAL	AZ4	CA13	AZ1	AZ6	CA40	AZ2	CA3	CO3
FL9	FL22	IL8	CT2	CT5	FL23	CA22	CA27	CA47	CA41	CA45	CO8	FL4	FL7	FL13
IL11	MD2	MI11	GA2	IL14	MD6	CA49	IL6	IL13	IA1	IA3	IL17	FL15	FL27	FL28
MN3	NC6	NC14	NJ3	NJ5	NJ11	IN1	ME2	MI3	KS3	NC13	NE2	IA2	MI10	MN1
NJ1	NM1	NY20	NM3	OR4	TX34	MI7	MJ8	MN2	NJ7	NM2	OH1	MO2	MT1	PA10
NY25	OR6	PA6				NC1	NH1	NH2	OH13	PA1	PA7	TN5	WA3	
VA10						NV1	NV3	NV4	PA8	TX15	VA2			
						NY3	NY4	NY17						
						NY18	NY19	NY22						
						OH9	OR5	PA17						
						RI2	TX28	VA7						
						WA8								

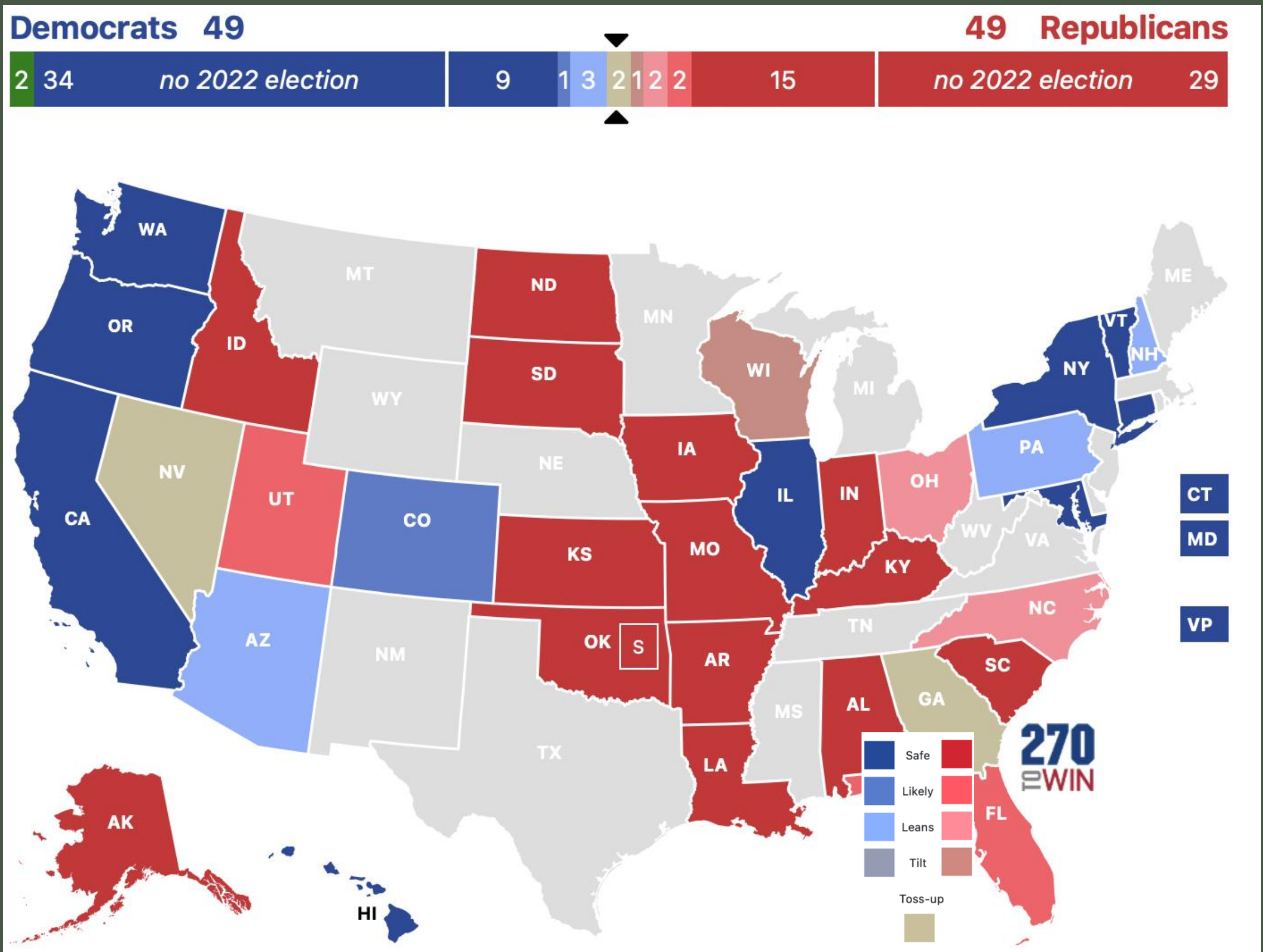
## SABATO'S CRYSTAL BALL

Total seats rated Safe Republican: 187  
Total seats rated Safe, Likely, or Leans R: 215

Total seats rated Safe Democratic: 155  
Total seats rated Safe, Likely, or Leans D: 194



# 2022 Midterm Elections- Senate



Questions

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**SWCA**

**SOUTHWEST COUNCIL OF AGRIBUSINESS**

