



# California Association of Wheat Growers

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## Newsletter

August 26, 2011

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### Upcoming EVENTS

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**Wednesday, August 31, California Association of Wheat Growers and California Wheat Commission Board of Directors Meetings. Meetings are to start at 8:00 a.m.**

**Location: Please note the Location of the Meeting has Changed and will not be held at the California Farm Bureau Offices but at the University California at Davis. The building and room number are indicated below.**

**University of California at Davis, Plant and Environmental Sciences Building Room 2005.**

**Map Link [HERE](http://campusmap.ucdavis.edu/?buildingselect=-1) (campusmap.ucdavis.edu/?buildingselect=-1) - You can search by Building name and print a Downloadable MAP.**

## **Canadian WHEAT Board ANTICIPATES Larger WHEAT Crop, EXPORTS**

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**Winnipeg, MB, August 26, 2011 (CNS Canada), Aug 26, 2011 (Commodity News Service Canada, Inc. via COMTEX)** --

The Canadian Wheat Board anticipates a slight increase in western Canadian wheat production in 2011/12 (Aug/Jul), with larger production increases forecast in barley and durum. CWB officials held a news conference in Winnipeg on August 26 to discuss the results of the recently concluded 2010/11 crop year and the expectations for 2011/12.

CWB president and CEO Ian White said the board was forecasting all wheat production in western Canada at 21.3 million metric tons, up slightly from 21.0 million a year ago. Statistics Canada recently estimated wheat production in western Canada at 21.6 million tons. Of the CWB total, the CWB forecast western Canadian durum production at 3.9 million tons, up from 3.0 million in 2010/11. Barley was pegged at 8.0 million by the CWB, up from 7.0 million.

During the 2010/11 crop year the CWB faced a number of challenges moving the relatively lower quality supplies available, but still managed to see the fourth highest returns for farmers on record, said White.

The CWB exported about 15.8 million tons of wheat, durum and barley during the crop year, the lowest volume in six years. Wheat exports were 11.2 million, durum was 3.4 million and barley 1.2 million. For 2011/12, the CWB's preliminary export target is 18.0 million tons. While quality issues were a concern with the 2010/11 wheat and barley supplies, early indications are more favorable for 2011/12, said the CWB.

"Our expectations currently are that crop quality will be better than last year," said Bruce Burnett, the CWB's director of weather and market analysis, at the news conference. "The quality of the crop that has been harvested to date has been excellent, and if the weather is reasonable over the next while that will help us get back to a normal grade pattern across the Prairies," he added. Burnett said the weather needs to cooperate and remain frost free into September in order to help farmers bring in the crop.

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## **State UPDATE**

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**Governor ANNOUNCES Job PACKAGE**

Yesterday, Governor Brown proposed a three-part California Jobs First plan that offers over \$1 billion a year in tax relief for businesses that create jobs in the state.

The first part of the California Jobs First plan reforms and expands an underutilized tax credit for small businesses worth hundreds of millions of dollars. To date, much of this funding has been left on the table because too many small businesses were excluded from the credit. The Governor's plan expands eligibility to small businesses with up to 50 employees (up from 20) and the credit for each new hire will jump from \$3,000 to \$4,000. These changes will encourage small businesses to hire immediately, as the credit will expire at the end of 2013.

The second part of the plan provides \$1 billion in tax relief to businesses that purchase new manufacturing equipment. The plan exempts start-ups in their first three years from the state portion of sales tax (3.9375 percent)-and provides an exemption of 3 percent for all other firms- on manufacturing equipment purchases.

The backbone of the plan is the application of the Mandatory Single Sales Factor (SSF) to all businesses in California. This change levels the playing field by eliminating what Governor Brown called "an outrageous and perverse tax incentive that encourages multi-state businesses to create jobs outside of the state." This places California-based businesses at a competitive disadvantage and is a disincentive for out-of-state businesses to locate jobs here. The revenues produced by closing this loophole will fund the expansion of the small business tax credits for new hires and the sales tax exemption for manufacturing equipment.

We are reviewing the proposal to see how it would impact agricultural operations and agricultural processors. It has been widely reported the plan is not expected to move this year but may become a part of future budget discussions.

### **Bills IMPACTING Agriculture PROGRESS**

Several bills sponsored by agricultural associations are winding their way through the Legislative process. The first year of the legislative session will end on September 9<sup>th</sup> creating a rush of bills moving through the Appropriations Committee's and onto the floor. Below is the status of some of the legislation we have reported on in prior updates:

**SB 513 (Cannella)** Creates a rendering advisory board and reinstates an enforcement fee.

- **Status:** The bill passed the Assembly, and has been sent back to the Senate for Concurrence.

**SB 549 (Rubio)** Raises the assessment on eggs produced and imported in California in order to strengthen enforcement and level the playing field for all egg producers. This bill was a response to the Iowa egg recall. Producers want to enforce food safety standards to prevent issues.

- **Status:** Assembly Floor.

**AB 914 (Atkins)** Allows the collection of Cut Flower Growers information on markets.

- **Status:** Senate Floor.

**AB 489 (Wolk)** Would allow biogas produced from agricultural byproducts to qualify for net energy metering to provide incentives for all these renewable technologies.

- **Status:** Assembly Floor.

**SB 900 (Steinberg)** Addresses a conflict of interest provision for farmers and ag processors that serve on the Regional Water Quality Control Boards and reduces the number of board members from 9 to 5.

- **Status:** Currently on Assembly inactive file but may be resurrected.

**AB 1137 (Smyth)** This bill drastically increases penalties for animal cruelty crimes. Many in agriculture have been requesting amendments to apply the enhanced penalties to second and subsequent offenders and clarifying language on livestock producers.

- **Status:** Bill is returning to the Assembly on Concurrence.

**Gov. Brown RAFFRIMS Support for DELTA Conveyance**

Gov. Jerry Brown met with the Fresno Bee's editorial board last week, reaffirming his support for a new kind of Delta conveyance system, be it a peripheral canal or a tunnel, as well as his administration's commitment to finding a solution for fixing the Delta.

The Governor's visit to Fresno marked his first visit to the Central Valley since taking office in January, and the first time he directly addressed his administration's position on fixing the ailing Sacramento-San Joaquin River Delta.

In an [editorial following the visit](#), the Fresno Bee emphasized the urgent need for action to fix the Delta: "No matter what you call it, there must be a system to move water around the Delta, and south to Valley farmers and thirsty residents in Southern California.

The estuary contains threatened species, has crumbling levees and the water is increasingly contaminated. It would be an economic and environmental disaster if the Delta is severely damaged by an earthquake or flood.

SCWC has been actively engaged on all fronts of the statewide dialogue concerning the Delta, including discussions on the Delta Stewardship Council's Delta Plan, and the Bay Delta Conservation Plan. SCWC is closely monitoring this important discourse, and they encourage you to join the discussion by visiting the [Bay-Delta page](#) online, and [following SCWC on Facebook](#).

**Senator DIANNE Feinstein ARESSES Key WATER Issues, EXPRESSES Support for DELTA Fix at ORANGE County EVENT**

Senator Dianne Feinstein (D-Calif.) reaffirmed her support for a timely and comprehensive Delta fix Thursday morning at an event in Orange County hosted by the Orange County Water District. During her speech, she emphasized the importance of the West Coast's largest estuary and water supply hub, saying that the "Delta is core." The senator also stressed the need to construct a new Delta conveyance system as part of the overall fix, pointing out that "conveyance has to be built." In addition, she asserted that we must "find a way to provide certainty" in our water supplies.

[Read more...](#)

**New DEFICIT Cutting PANEL Organizes; PROCESS may DETERMINE where Spending CUTS Fall**

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The newborn Joint Special Committee on Deficit Reduction - the so-called "super committee" is working feverishly to hire staff and come up with a schedule of meetings, both public and private, so it can hit the ground running when Congress returns in September. And key in everyone's mind is how the 12 members from both sides of the Hill and both sides of the aisle will decide how and where to make the \$1.2-1.5 trillion in federal spending cuts over the next decade that must be ready for congressional action by November 23. There are effectively two ways the committee can go: First, would be to operate behind closed doors, taking instructions from House and Senate leadership as to where the cuts will fall given most

candidates - including federal farm programs - have already been identified through previous spending cut/deficit reduction efforts.

The other - and more likely path chosen - is for the "super committee" to give each House and Senate authorizing committee a spending cut target, and keep their fingers crossed each committee will not only provide recommendations to hit those targets by the October 14 deadline, but the legislative language for inclusion in the overall bill the super committee has to produce. Sen. Charles Grassley (R, IA) said in Iowa this week he hopes the super committee listens closely to the ag committees when it comes to cutting ag programs.

He also took the opportunity to push his farm program payment limitation proposal. Others are concerned that because on-farm cash income has been running at record high levels the last four years - thanks to corn prices and exports - ag could be more vulnerable than before because farmers are currently flush with cash. Sen. Debbie Stabenow (D, MI), chair of the Senate Agriculture Committee, told farmers in Michigan this week she sees the greatest threat to ag spending to be the House GOP freshmen who have pushed for nearly \$50 billion in cuts. "In Congress, we have a tug-of-war going on right now," she said, warning the group farm program payments will be cut, but that programs like crop insurance must be preserved to keep in place the federal farm income safety net.

### **Obama TELLS Agencies: Cut Your BUDGET 10% for FY2013**

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An August 17 memo from the Office of Management & Budget (OMB) to federal departments and agencies says all federal departments must find a way to cut their FY2013 budget request by 10% from current levels, and warned agencies not to use shortcuts, to concentrate on cutting specific programs to avoid across-the-board cuts and not to rely on new user fees or changes in mandatory spending to reach the 10% goal. The OMB memo said requests for discretionary spending must be at least 5% below what agencies received for FY2011, and that additional cuts to bring the total to 10% should be identified. However, OMB also told the agencies to identify programs which need funding increases, with particular attention paid to duplicative or less-effective programs so that dollars can be spent on the program that has the best results.

### **EPA ISSUES 'Final REGULATORY Review PLAN**

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EPA and hundreds of other federal agencies this week released their "final regulatory review plan," schematics on how the Administration intends to review hundreds of agency regulations to ensure they meet a White House Executive Order requiring all existing and pending federal regulation not be "burdensome" or "job killers." For EPA, the White House said the plan counters criticism the agency is "out of control," but critics of the agency's regulatory zeal said the plan does not go far enough.

Under the new plan, EPA will review 35 regulations, 16 of which will "be done quickly with an eye toward modifying, streamlining, expanding or repealing regulations or related programs during the 2011 calendar year." The other 19 will be reviewed over a longer time period, the agency said. EPA said it will work with USDA to establish "regulatory certainty for farmers," reduce reporting and recordkeeping for gasoline and diesel fuels, and better coordinate air pollution rules. This action, the agency said, will be done every five years.

The U.S. Chamber of Commerce said the White House effort "is worthy, but the results of this look-back will not have a material impact on the real regulatory burdens facing industry today."

In a related development, the House Energy & Commerce Committee did not ease its zeal to rein in EPA and its regulatory initiatives, taking action just before leaving Washington, DC, for its August recess to create an interagency committee to analyze and determine the impact of several of the agency's rulemakings. The broad concern across regulated industry is EPA continues to issue multiple regulations on industry making it difficult, if not impossible, for industry to plan and invest, said Rep. John Sullivan (R, OK), chief sponsor of the EPA rein-in bill. The bill includes an amendment by Rep. Ed Whitfield (R, KY) to delay pending EPA rules on mercury and the long-pending air toxic regulations for power plants and large industrial boilers, and was supported by Rep. Mike Ross (D, AR) in pushing for the language to delay these rules until six months after an analysis has been completed.

## **Industry OPPOSITION to NLRB RULEMAKING on Union ELECTIONS Growing QUICKLY**

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Business and industry are lining up to oppose a National Labor Relations Board (NLRB) proposed rulemaking to "streamline" union elections in the workplace. The rulemaking would allow union elections to be called in any workplace with as little as 10 day's notice, robbing employers of their right to argue against unionization and denying employees the right to hear both sides of the union argument, said critics ranging from agriculture employers to the National Retail Federation (NRF).

Critics accuse the NLRB of trying to achieve through rulemaking what unions have been unsuccessful in winning on Capitol Hill, namely expedited union elections, restrictions on the use of attorneys and consultants by employers, employer communications limits, and the creation of "micro unions" allowing unions to cherry pick small units within an employer's workplace.

Critics said the current system of secret ballot has worked well, giving both sides of the union question the ability to make their case. As to the quickness of elections, business says most union elections are held an average of 31 days after a petition has been filed, with 95% of all union elections held within 56 days of filing.

The rule would also require employers to provide workplace telephone numbers and email addresses of eligible employees to union organizers, which critics say violates NLRB rules prohibiting workplace harassment of workers by non-employees.

The AFL-CIO Washington, DC office put out a press release this week saying more than 21,000 "working people from across the country" have filed comments in favor of the NLRB rulemaking, calling it a "modest step to remove roadblocks and reduce costly litigation."

## **Immigration REFORM Rhetoric HEATS Up over DREAM Act, E-Verify**

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While no legislative action is expected this year, the debate over federal immigration reform is heating up, with the White House pushing the DREAM Act, saying it won't aggressively seek to deport young people illegally in the U.S., and a coalition of interests banding together to oppose a House bill to force all U.S. employers to use the computerized E-Verify system to determine the citizenship status of existing and prospective employees. "Save America's Food & Economy (SAFE) is a new coalition of community activists, farmers, ranchers, and politicians across the country opposed to HR 2164, a bill by Rep. Lamar Smith (R, TX) that would mandate all U.S. businesses, including farms and ranches, use the electronic E-Verify database at the Department of Homeland Security (DHS) to determine the legal status of employees.

The SAFE group says the bill must be changed to accommodate "experienced migrant guest workers," who make up more than 80% of the ag workforce. SAFE said, "We need a sensible solution that protects our economy, our domestic food supply and the skilled men and women who make our food system the most efficient, safe and healthy food supply in the world." The group cites action in Georgia where the state requires a similar mandatory verification system, which SAFE said cost the ag community 75% of its workforce and \$300 million in revenue.

On the DREAM Act side of the debate, in a letter to Sen. Richard Durbin (D, IL), DREAM Act champion, DHS Secretary Janet Napolitano said the Administration will not seek to deport young people brought into the country illegally by their parents, a message greeted by immigration reform advocates. She said DHS will form a taskforce to review deportations on a case-by-case basis, but added her policy "will not provide categorical relief for any group...and does not alleviate the need for passage of the DREAM Act, or for larger reforms to our immigration laws."

Under the DREAM Act, which failed in the last Congress, citizenship would be granted to the older children of illegal immigrants as long as those children are enrolled in college or join the military.

The deportation issue is a hot one on both sides of the immigration question, with reformers saying the Obama Administration has raised deportations to record levels, and critics contending messages like the one from Napolitano are the equivalent of "amnesty" for illegals.

Sen. Majority Leader Harry Reid (D, NV) said the Administration policy reflects a priority on deporting "foreign drug traffickers and violent criminals" over routine illegal arrests. Also under fire from reform advocates is the practice under which local law enforcement is required to inform DHS when an illegal immigrant is arrested so identities and citizenship status can be checked against the department database.