



# California Association of Wheat Growers



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## In this Issue:

[California Legislative Report](#)  
[News from the National Association of Wheat Growers](#)  
[Trump to Nominate Stump to CFTC: Reports](#)  
[House Ag Sets June 24 Farm Bill Listening Session in Florida](#)  
[Justice OK's Dow, Dupont Merger](#)

## California Legislative Report

*By Dennis Albani, Legislative Advocate*

### **Association Meets with California Attorney General Xavier Becerra**

On June 14<sup>th</sup>, The Association had the opportunity to sit down with Attorney General Xavier Becerra. Becerra discussed his agenda, and highlighted that law enforcement is a top priority due to crime as an increasingly significant issue across the state.



Becerra is working diligently to shed light onto such a dire situation; and noted that the agriculture industry has been facing crime in a variety of ways. Agriculture Associations

around the table noted that commodities such as: kitchen grease, bee hives, almonds, cattle, feed, seeds, eggs and hay are just some of the many commodities affected by increased rural crime.

While some crimes in agriculture simply go unnoticed due to lack of prosecutions, the impact across California has been seen, and felt by our hardworking agriculturalists.

Becerra will continue to work towards creating a community of support for the Agriculture Industry as theft and crime rates increase across the state.



Karli Quinn AAMSI Associate Director, CA Attorney General Xavier Becerra, Kelly Covello Almond Alliance of California

### **California Lawmakers Pass Budget**

Late Thursday afternoon the California Legislature passed their budget with votes to spare. The bills were passed a few hours prior to the state's budget approval deadline with a \$183.2 billion package that raises school funding, expands a tax credit for the working poor and gives the Capitol a greater say over University of California finances. Total general fund

spending is approximately \$125 billion. The main budget bill passed the Senate 28-10 and the Assembly 59-20 several hours later.

Thursday's votes come nearly a week after the Legislatures Conference Committee forwarded a plan reflecting agreement with the Brown administration on a range of issues. A final pact followed over the weekend when lawmakers and Brown came to terms on how to spend revenue from a 2016 ballot measure that raised tobacco taxes. Republican lawmakers repeated long-standing complaints that trailer bills addressed significant policy issues not related to the budget.

These were among those measures accompanying the budget:

- Legislation to curtail the state Board of Equalization's power passed both houses despite a last-ditch pushback from opponents that included oil companies, unions and small businesses and agriculture.
  
- A bill to make the timeline for qualifying a recall ballot measure months longer was approved by both houses. It would mean any Republican-backed ballot measure to recall state Sen. Josh Newman, D-Fullerton, over his vote to increase the gas tax likely would be consolidated with the June 5, 2018, primary instead of being a stand-alone election later this year, when Republicans would likely make up a larger share of the electorate. Democrats say the GOP is abusing the recall process.
  
- Lawmakers approved a measure merging the voter-approved November ballot measure that legalized recreational use of marijuana with medical legislation previously passed by lawmakers to create a singular regulatory system in California. It would let retailers sell both medical and recreational marijuana at the same location. It also defines rules for driving with an open container, clarifies environmental requirements for licensees and authorizes a state inspector to conduct random quality assurance checks.

- Dam safety rules would be strengthened and dam owners would have to complete and maintain emergency action plans. The bill, though, would exclude those plans from open-records laws. It did raise dam inspection fees significantly.

- With an eye toward looming court fights, a budget bill would give unions more access to public employees. It also would prohibit public agencies from releasing employees' private email address, which could be used in anti-union campaigns.

California Department of Food and Agriculture fared well providing additional funding and staffing to implement laws passed by the legislature including:

**Plant Innovation & Infrastructure** -Made plant inspection positions year round to serve the growing stress on the detection system. Approved - 190.5 positions, \$1,795,000 General Fund, and \$2,600,000 in Agriculture Fund authority for FY 2017-18.

**Food Safety and FSMA Implementation** -Approved - \$1.9 million in Federal Fund authority in FY 2017-18 and 7.0 permanent positions; \$2.3 million in FY 2018-19 and 9.0 permanent positions;

**Exotic Pest Response** - Approved - 20 permanent positions and \$1,751,000 in Federal Fund authority in FY 2017-18 and 2018-19 for the Plant Pest Exclusion Branch to create Emergency Plant Health Response Teams

**SB 27 Antibiotic Use in Animals** - Approved- 8.5 permanent positions and \$2,046,000 General Fund in FY 2017-18 and ongoing for Animal and Inspection Divisions

**Cannabis Funding** - Approved - \$22,390,000 in Marijuana Control Fund authority and 50.8 positions in FY 2017-18 and \$16,082,000 and 60 positions in FY 2018-19 and 2019-20

**Cannabis—AUMA** - Approved- \$3.877m MCF in Marijuana Control Fund authority and 10.0 positions in Fiscal Year (FY) 2017-18; and \$1,310,000 and 10.0 positions in FY(s) 2018-19 and 2019-20

**SB 1383 Short Lived Climate Pollutants** - Approved-2.0 permanent positions and \$312,000 from the Cost of Implementation Account, Air Pollution Control Fund in Fiscal Year 2017-18 and ongoing

**AB 2511 Biochar** - Approved- \$110,000 in Department of Food and Agriculture Fund authority and 1.0 position in Fiscal Year (FY) 2017-18, and \$105,000 and 1.0 position in FY 2018-19 and ongoing

**Turlock Lab** - Approved-construction of a new full-service CAHFS lab in the northern San Joaquin Valley

**Pierce's Disease** - Approved \$5 million General Fund

**Asian Citrus Psyllid** -Approved \$10 million in General Fund

**Small Dairy Climate Change Research** – Approved - \$250,000 to fund small dairy climate change research

## **Legislature Passes Complete Overhaul of Tax Agencies**

The legislature passed a complete overhaul of the tax collection, regulatory and adjudicatory process for tax collection in California. The bill was included in a package that accompanied the budget and the proposal had just 72 hours of review. The Governor is likely to sign the new law. The legislation leaves the State Board of Equalization with only the duties assigned to it under the California Constitution as of July 1. Those duties mainly involve oversight of county property tax assessors and assessment of utility company property.

All other functions related to administration of sales and use tax or special taxes and fees would be shifted to a new California Department of Tax and Fee Administration. Separately, administrative law judges in a new Office of Tax Appeals would resolve appeals from taxpayers who challenge assessments of income tax, sales tax, or special taxes and fees.

Specifically the proposal would:

- Move the 4,500 employees to the newly created Department of Tax and Fee Administration
- ALJ's would have tax payer case review with only appeals going to BOE
- Remove direct communication by the tax payer to the decision authority

[News from the National Association of Wheat Growers](#)

## **NAWG Commends Perdue for Defending Agriculture**

Washington, D.C. (June 14, 2017) – On Tuesday, June 13th, USDA Secretary Sonny Perdue testified at the Senate Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies on the Administration's FY2018 proposed budget.

During the hearing, Secretary Perdue discussed concerns with cuts included in the Administration's proposed budget.

"NAWG commends Secretary Perdue for standing up for agriculture and expressing concern over the deep cuts to crop insurance, research, rural development, and international food aid," stated NAWG President David Schemm. "If implemented, the Administration's FY 2018 budget would not only inhibit growth in the wheat industry but the entire U.S. agriculture sector."

"Crop insurance is a critical safety net for producers across the country. When unexpected disaster hits a producer, crop insurance can be the difference of whether or not that grower stays in business," Schemm continued.

"The U.S. is a worldwide leader in agriculture and eliminating the Market Access Program and the Foreign Market Development program could mean losing our competitive edge in the global market. NAWG supports the Secretary's remarks and his work to ensure rural America and farmers have the right tools and resources to move us forward."

### **Trump Moves to Roll Back Some Obama U.S.-Cuba Normalization, Targets Castro Government**

President Trump will tighten "people-to-people" travel and investment in Cuba benefitting the Castro regime, but will not completely reverse commercial and diplomatic relations with the island nation expanded by President Obama. This week's move fulfills, the president said, a promise made during his presidential campaign.

U.S. citizens allowed to travel to Cuba will still be allowed to purchase a visa, and business related to agricultural trade, medicine and medical devices is still permitted. As for agriculture, it still remains to be seen to what extent sales to the government-owned Alimport, which has no ties to the military, will be affected. Right now, ag and medical are the only two exceptions to the formal U.S. trade embargo, and U.S. ag exports to Cuba totaled \$300 million in 2015, out of a total \$2 billion in total ag imports.

Media reports quote a White House memo: “My administration’s policy will be guided by key U.S. national security interests and solidarity with the Cuban people. To that end, we must ensure that U.S. funds are not channeled to a regime that has failed to meet the most basic requirements of a free and just society.”

The brunt of the impact of Trump’s new policy will be felt by the travel and tourism industry. Travel from the U.S. to Cuba is now allowed under 12 categories; the people-to-people, particularly the individual travel allowance, “has the highest risk of potential abuse,” the White House said and will be closed. Tourism remains strictly forbidden, the Treasury Department will be required to audit Cuban travel regularly for abuse.

As to any financial dealings with Cuba which benefit the military will be restricted under Trump’s new action. Business-to-business transactions will be allowed, but expansion of such commercial activity “is entirely up to Raul Castro to make that happen,” according to reports.

The full impact of the Trump actions remains to be seen and could be felt more broadly than expected given the broad and deep control of the Cuban economy – some estimate as much as 80% -- by the Castro government. Targeted is GAESA, a military-run corporation which operates hotels, restaurants, tour companies and other facilities around the island. New rules to implement the moves are expected from the Department of Commerce within 90 days

The president will require that Cuban leadership meet a series of new requirements in order to negotiate with the U.S., including improvements in human rights, the freeing of political prisoners, free elections and direct pay for workers. The U.S. embassy will remain in Havana as will the Cuban embassy in Washington, DC., and commercial flights will continue between the two countries.

### Trump to Nominate Stump to CFTC: Reports

President Trump intends to formally nominate agriculture policy veteran Dawn DeBerry Stump to be a GOP commissioner on the Commodity Futures Trading Commission (CFTC),

according to media reports. A native Texan, Stump comes from an old and distinguished Texas ranch family.

Stump worked on the Senate Agriculture Committee for four years handling futures market and regulatory issues as part of the 2008 Farm Bill, and was the committee's chief representative on Dodd-Frank negotiations. She also handled futures issue on the House Agriculture Committee prior to moving to the Senate.

She served as executive director of the Americas Advisory Board for the Futures Industry Assn, and vice president at the NYSE Euronext, founding her own consulting firm in 2016. Stump also worked at the Texas Agriculture Department, U.S. Wheat Associates and as a staffer for former Sen. Phil Gramm (R, TX).

### House Ag Sets June 24 Farm Bill Listening Session in Florida

The House Agriculture Committee announced this week it will hold a full committee "listening session" on June 24, in Gainesville, Florida, entitling the hearing, "The Next Farm Bill, Conversations in the Field."

"When it comes to writing farm bill, the House Agriculture Committee has a long history of getting out of Washington and speaking with the folks these policies are intended to serve," said committee Chair Mike Conaway (R, TX). Ranking panel member Rep. Collin Peterson (D, MN) said getting out of Washington and hearing from farmers is "necessary to writing a good farm bill."

### Justice OK's Dow, DuPont Merger

The proposed merger of Dow Chemical Co. and DuPont Co. has been given the antitrust greenlight by the Justice Department, and critics are calling the action the latest in a "disturbing trend" in consolidation in the ag sector. The deal carries an estimated value of \$130 billion, and still needs court approval.

The National Farmers Union (NFU) said the merger, along with several other pending actions, lessens family farm competition and choice in the agrochemical and seed areas.

The merger has been approved by Brazil, China and the European Union (EU), and various divestitures were necessary to get the official nod. Canada has not given the merger its blessing yet.

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