



AGRICULTURE POLICY UPDATE

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ANNUAL INDUSTRY MEETING

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2021: Not the Return to Normalcy Americans Hoped For

- **COVID Flare-ups**
- **Fences around the Capitol**
- **A second impeachment trial**
- **Urban violence**
- **Razor-tight margins in Congress**
 - **50-50 Senate**
 - **220-212 House**
- **Hyper-partisan politics**
- **These have cast a pall over the year**

2022 Midterm Politics Loom Large

Magic Numbers: +7 / +1



- Although 15 months away, midterm elections loom large.
- Republicans need just 7 seats to capture the House and 1 to capture the Senate. Leading to:
 - Democrats seeking to pass HR 1/S1 to federalize election laws and congressional redistricting to improve midterm prospects
 - Efforts to eliminate or water down the filibuster to move agenda with simple majority in the Senate
 - Utilization of a partisan reconciliation process to move Democratic agenda forward on a simple majority vote in both chambers, bypassing the 60-vote requirement in the Senate
- Democrats remember when the GOP won back the House in 2010, cutting off their agenda under President Obama, and that agenda has been on hold for over a decade
- Democrats are eager to push things through quickly – and looking for ways to hold on in the midterms

Reconciliation, Executive Orders, and Maybe a Bipartisan Infrastructure Bill

\$1.9 trillion reconciliation package (American Rescue Plan) passed on party lines

- **Limited agriculture provisions, including**
 - **Debt forgiveness for socially disadvantaged farmers**
 - **House Ag Committee voted to extend WHIP Plus (*though it was ultimately stripped out later in the process.*)**

Reconciliation, Executive Orders, and Maybe a Bipartisan Infrastructure Bill

Democrats now seeking to pass President Biden's \$3.5T "Human Infrastructure Bill"

- Some analysts estimate actual cost as high as \$5.5T
- Potential to harm agriculture
 - Tax proposals relative to stepped up basis, capital gains, estate taxes, and like kind exchanges, as well as general rates
 - Inflation and potentially higher interest rates
- Potential benefits for agriculture
 - WHIP Plus extension
 - Increased conservation funding
 - Funding for broadband, etc.
- Whether it hurts or helps agriculture is going to depend on key Democrats saying no to the bad stuff and yes to the good stuff, much the way Chairman David Scott said no on changes to stepped up basis and Senator Sinema has said no to a \$3.5T price tag
- There is little margin for error, with Democrats only able to lose 3 votes in the House and none in the Senate

Reconciliation, Executive Orders, and Maybe a Bipartisan Infrastructure Bill

- Shy of moving things via the partisan reconciliation process, the Biden Administration has made heavy use of Executive Orders that can be exercised without Congressional approval
- A potential bipartisan bright spot is the bipartisan infrastructure package focused on traditional infrastructure that could make it across the finish line

Reconciliation Sucking Up All of the Legislative Oxygen

- The upside: the FY 2021 and FY 2022 budget resolutions are merely shells for moving reconciliation forward so there is no time to fiddle with cuts to agriculture
 - The same is true on appropriations thus far:
 - The House was eager to move bills before the August break and did not allow harmful amendments to agriculture
 - The Senate has similarly avoided thorny agriculture amendments that complicate the process thus far
- The downside: it leaves little time for anything else, including dealing with the debt ceiling where Treasury is already employing extraordinary measures to avoid default

Agriculture Committee Changes



- The Ag Committees saw big changes as three distinguished Agriculture Committee leaders hung up their cleats: Peterson, Conaway, Roberts
- Fortunately, they've been succeeded by great converts to sugar policy: Scott, Thompson, Boozman
- 25 percent of Membership of both committees are new – with a considerable influx of Members who are primarily focused on nutrition
- The Senate Agriculture Committee has kept things bipartisan, including on hearings, climate legislation, and nominations
- The House Ag Committee got off to a rocky start with the partisan reconciliation package but recovered with passage of two bipartisan bills, including on broadband and WHIP Plus extension for 2020/2021

Appropriations Committees & Subcommittees

- The big changes on Appropriations include a new Chairwoman of the Full Committee in the House, Ms. DeLauro, and Senator Hoeven turning the gavel over to a new Chairwoman of the Ag Subcommittee in the Senate
- All but one of the Appropriations leaders supports sugar but we have great hope that our champion, Senator Hoeven, will work his magic in persuading his colleague of the merits of strong U.S. sugar policy
- Also this week, Senator Hoeven will be pushing for an extension of WHIP Plus for 2020/2021 in the context of the ag appropriations bill where we believe he will meet with success

Congressional Leadership Shifts

- All but two of Congressional leaders support U.S. sugar policy
- Some Congressional leaders have been around for a while so there may be changes coming down the road.
- Agriculture has not always enjoyed the support of leadership – but it's important

Administration Leadership Shifts

- We are still waiting for Senate confirmation of Robert Bonnie as the Undersecretary for Food Production and Conservation – perhaps this will occur before the August break
- We have seen great things in the FSA administrator and the acting RMA administrator: they are accessible, responsive, and sympathetic to the needs of agriculture
- We are also still waiting on nominations for Chief Ag Negotiator at USTR and USDA Undersecretary for Trade and Foreign Agricultural Affairs

Other Issues We Are Watching

- Executive orders on competition and climate, which affect agriculture
- Issues affecting biofuels, including the push for electric vehicles, which ultimately affect all producers
- Immigration legislation which could land in reconciliation
- Carbon input taxes which could affect your production costs
- WOTUS regulations, but can new regulation cover more than navigable, interstates, and adjacent wetlands—and survive new Supreme Court?
- Clean Air Act regulations—Thune-Sinema bill to exempt livestock from Clean Air Act regulations: model for all ag?
- PAYGO could trigger higher sequestration cuts to ag unless waived by Congress

2023 Farm Bill



- Expect hearings this Congress
- Some of the Committee leaders are adamantly opposed to reopening the Farm Bill early, seeing more peril than promise by doing so
- With reconciliation potentially making improvements this year, including on conservation funding, WHIP Plus extension, and broadband, this may address needs—especially if commodity prices continue to improve
- In terms of actual timing and substance of a Farm Bill, it's too early to say
- How would an all-Democratic government craft a Farm Bill? We've not seen that since 1977
- The Rockefeller Foundation, which bats from the left, thinks we need to totally change our food system because they say agriculture is bad for human health, the environment, and labor
- How would a GOP House or Senate or both work with a Democratic president on a Farm Bill? SNAP is always a tough needle to thread
- Farm Bill could be punted to 2024

Summary



- **Things we are worried about:**
 - **Tax increases**
 - **Environmental regulations (WOTUS, Clean Air Act)**
 - **30x30**
- **Things we are encouraged by:**
 - **Potential for increased broadband and conservation funding**
 - **Potential WHIP+ Extension**
- **Things we are keeping vigilant on:**
 - **Defeating amendments/bills of anti-sugar and anti-ag lawmakers to harm U.S. agriculture**



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