CONTINUED DISTRUST
IT'S ALIVE!
AGAIN!
House Balance of Power

Democrats 220

Republicans 212

Source: U.S. House clerk as of July 30
Note: Gray indicates three vacant seats in FL-20, OH-11, and OH-15
Senate Balance of Power

Democrats 50

Republicans 50

Source: U.S. Senate as of July 30
Note: Yellow indicates independents who caucus with Democrats
Washington’s Current State of Play

- Bipartisan Infrastructure Bill – (physical infrastructure $1.2T proposal)
- Budget Reconciliation Process – ($3.5T proposal)
- Taxes
- Climate “Smart” Agriculture
- FY ‘22 Appropriations Status, Debt Ceiling
- WHIP+ Reauthorization
“Real” Infrastructure Investment

Senate passes Bipartisan Infrastructure bill 69-30

Infrastructure Package by Category

- Roads and bridges: 20%
- Power infrastructure: 13%
- Broadband: 12%
- Passenger freight and rail: 12%
- Clean drinking water: 10%
- Resilience and Western water storage: 9%
- Public transit: 7%
- Other: 12%
- Airports: 5%
$3.5T Budget Resolution Clears Senate..House?

The House Showdown - 😊

❖ House set to return Aug 23rd

❖ Speaker Pelosi seeking to advance bipartisan infrastructure bill and $3.5T budget plan simultaneously.

❖ 9 Dems trying to disband the link between the two bills, threatening to vote against the budget resolution if it’s coupled with the bipartisan infrastructure bill.

Stay tuned!
Rep. Kurt Schrader (OR-D) recently said the bipartisan $1.2 trillion infrastructure bill is “a very clear cut, huge win for America.” But voters are confusing it with the $3.5 trillion budget reconciliation package, which Schrader called “divisive.”

“Folks back home are starting to get very concerned about how much money we’re spending,” Schrader said in an interview from his swing-district. “And I think that’s a legitimate concern.”
How can this impact Agriculture?

Fundamental Tax Changes & Concerns:

Changes to Taxes on Assets
- Stepped-up basis
- Estate tax exemption
- 1031 Like-kind exchange limitation

Changes to Taxes on Income
- Section 179 & Bonus Depreciation
- Corporate Rate/Pass-through Exemption
- Personal Rates
Opinion: American Families Plan “transfer tax” proposal is the real threat to agriculture

“This transfer tax proposal doesn’t likely have a chance of passing the Senate under regular order. However, there is a danger that with the partisanship going on in Washington D.C., the proposal could go into a reconciliation bill without having anybody in the room who really understands the severity of this change and get passed into law.”
Let's Talk Climate
Climate "Smart" Agriculture

Climate-smart agriculture (CSA) is an approach that helps to guide actions needed to transform and reorient agricultural systems to effectively support development and ensure food security in a changing climate. – Food & Ag Organization of the UN

Climate-smart agriculture (CSA) is an integrated approach to managing landscapes—cropland, livestock, forests and fisheries—that addresses the interlinked challenges of food security and accelerating climate change. – The World Bank

To the casual reader, Climate-Smart Agriculture is a catchy term that seems to imply farming smarter in a changing climate. Even so, Climate-Smart Agriculture is rarely well defined. Likewise, Climate-Smart Agriculture often suggests different things to different people. – USDA Climate Hub

**Today, Climate-Smart Agriculture is guided by three main goals:**
- Increased productivity (sustainably intensifying agriculture)
- Enhanced resilience (adapting to climate change)
- Reduced emissions (mitigating greenhouse gas emissions)
Climate “Smart” Agriculture

USDA Request for Information on Biden Climate Executive Order

In general, input on climate policies and actions USDA is considering in context of existing conservation programs, research needs, and possible new programs USDA may initiate, should:

• Include Early Adopters
• Climate Outcomes a Priority in Existing Programs
• Not Subtract from Farm Safety Net and Existing Conservation Programs
• Encourage Grower Participation Through All Regions
• Must be Voluntary and Not Tied to Farm Program Eligibility
Climate “Smart” Agriculture

30 x 30 Initiative (“America The Beautiful”)
- Conserve at least 30 percent of US land and water by 2030.
- Support voluntary conservation efforts and provide new sources of income for farmers.
- 2023 Farm Bill Reauthorization (Improve effectiveness of current conservation programs.)
- Sec. Vilsack committed to not use a mandatory approach. (Respect private property rights etc.)

USDA Releases 90 Day Climate Smart Agriculture Progress Report
- Improve carbon reduction data collection
- Recognize and include early adopters
- Prioritize climate risks in USDA programs such as EQIP, CSP, & CRP
- Support grower participation in carbon markets through price supports and loan programs
Growing Climate Solutions Act

Senate approved Growing Climate Solutions Act 92-8 – bill would direct USDA to:

- Establish a verification and measurement standard for use in determining carbon sequestration/emissions for purposes of carbon markets;
- Allow USDA to certify 3rd party entities such as carbon markets
- Establish a majority grower advisory group to provide input to USDA

Unclear on House action at this point.

Sen Stabenow seeking additional conservation funding through budget reconciliation bill if it can pass Congress.
### Status of FY22 Appropriations

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<thead>
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<th>FY22 Appropriations Status</th>
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<th>Conference</th>
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- House has approved 9 of 12 bills, including Agriculture
- Senate Committee Process ongoing, Agriculture bill advanced
- Continuing Resolution (CR) starting Oct. 1, long-term CR?
Looming Debt Ceiling
WHIP+ Reauthorization 2020/2021?

- House Agriculture Committee marked-up H.R. 267 – would authorize $8.5B for 2020 and 2021
- Senate Agriculture Appropriations bill contains $7B for disaster funding for 2020 and 2021

WHIP+ improvement highlights:
- Netting out crop insurance indemnities in program calculations
- J Code fix
- Qualified cause of loss expanded, i.e. high winds, derechos, excessive heat, freeze, polar vortex, D2 or higher drought intensity, power outages or curtailments.....
- Streamlining of application process, utilize IT to electronically transfer data between RMA and FSA, reduce FSA county level workload and allow insurance agents to provide application information on behalf of the insured producer
Questions

Kody Bessent
Plains Cotton Growers, Inc.
8303 Aberdeen Ave
Lubbock, Texas 79423
O: 806-792-4904
C: 806-683-8204
kody@plainscotton.org
www.plainscotton.org