



ASAAP Update



Policy and Legislative Issues Update - March 2016

ASA's efforts by staff and our farmer-leaders would not be possible without the much appreciated support and partnership with our state and industry partners of the ASA Action Partnership. Below is an update on many of the successes and work in progress on many issues impacting our soybean growers and industry as a whole.

BIODIESEL

RFS Final Rule Provides Stability and Modest Growth for Biodiesel- The EPA released the Final Rule setting the RFS volume requirements at the end of November, including the volume requirements for biomass-based diesel for 2014-17. The Final Rule sets the biomass-based diesel volumes at the following levels: 2014 – 1.63 billion gallons; 2015 – 1.73 billion gallons; 2016 – 1.9 billion gallons; 2017 – 2.0 billion gallons. These volume levels represent a modest improvement over the Proposed Rule.

Biodiesel Tax Incentive Edges Closer to Extension – In December lawmakers in the House and Senate introduced updated legislation to reinstate the biodiesel tax credit through 2016 and reform it to a producer's credit starting next year. The legislation also includes an important technical update ensuring that biodiesel used in off-road applications such as Bioheat will not incur excise tax. The House bill was introduced by Reps. Kristi Noem, R-S.D., and Bill Pascrell, D-N.J., while the Senate version was introduced by Sens Charles Grassley, R-Iowa, and Maria Cantwell, D-Wash., as an update to their earlier legislation that passed the Senate Finance Committee in July. Finalizing it marks another positive step toward winning reinstatement of the tax credit as Congress wraps up its legislative business for the year. Lawmakers from both parties are currently negotiating the parameters of a tax extenders deal and have expressed hope for putting together a compromise package soon.

BIOTECHNOLOGY APPROVALS & REGULATION

ASA Urges U.S. to Keep Up Pressure on China Biotech Approvals- ASA continued its pressure in November on USDA Secretary Tom Vilsack, Secretary Penny Pritzker and Ambassador Michael Froman urging them to continue pushing for timely, science-based biotechnology approvals in China. Specifically, ASA is looking to the U.S government to follow-up on the short term commitments made by China to advance the full queue of products, and to issue safety certificates for all products that have cleared the National Biosafety Committee by year end.

ASA and Fellow Farm Groups Press EPA on Enlist Duo Scrutiny - In a letter to EPA at the end of December, ASA worked with a coalition of major farm groups in pressing the agency to withdraw its request to vacate the registration for Dow's Enlist Duo herbicide, highlighting the urgent need for new modes of action to tackle resistant weeds on farms across the country and how the delays are necessitating more intense weed control practices that complicate environmental management.

Ag Groups Write Congress in Advance of EPA Oversight Hearing - ASA and several farm groups wrote to House Agriculture Committee leaders in advance of the Committee's oversight hearing on EPA's policies that affect U.S. agriculture, raising a

number of concerns about the agency's general conduct, including reliance on inaccurate modeling in its broad rulemaking to implement total maximum daily load limits within the Chesapeake Bay watershed; publication of its paper concluding neonicotinoid seed treatments for soybeans "provide negligible overall benefits" and the final clean water rule, which is even broader than the proposed rule, among many others. The hearing was scheduled for Jan. 26 but postponed due to weather; a new hearing date has not been set.

ASA: More Work Still Needed on EU Biotech Approvals Timeline - In January, ASA urged the European Commission to continue its work in addressing delays in the approvals timeline for crops grown with new biotechnology traits, saying the delays create a barrier to entry into the market for American soybeans and risk the supply of high quality feed for Europe's livestock industry. ASA noted the improvements the current Commission has made, and urged them to give final authorization to new biotech events after they have passed through the EU's long review process.

CROP INSURANCE & RISK MANAGEMENT

Highway Bill Passed, Includes Crop Insurance Fix- A fix for the \$3 billion in cuts to the crop insurance program originally included in the budget deal from last month has been included as part of the Highway Bill that has been sent to President Obama for signature. Following an agreement reached by the House and the Senate that would avoid more than \$3 billion in cuts to the nation's crop insurance program as part of the budget package, both chambers have passed the bill on to the White House. The agreement followed a tumultuous three-day fight over the bill's inclusion of the proposal that would have accomplished the cuts by reducing the rate of return for crop insurance companies from 14 percent to 8.9 percent. ASA was extremely and publicly critical of the original attempt to cut crop insurance, and we maintain our position against opening any part of the farm bill for further spending cuts.

ASA Pledges Renewed Defense of Crop Insurance - ASA took a hard look at the budget proposal for fiscal year 2017 issued in February from President Barack Obama. The association expressed strong opposition to a proposed \$18 billion cut to crop insurance and a lack of funding for infrastructure improvements. ASA noted the budget contains funding for multiple soybean farmer priorities, including increased resources for oversight at the Commodity Futures Trading Commission (CFTC) and full funding for the Market Access Program and Foreign Market Development program.

GMO LABELING

ASA Welcomes White House, FDA GMO Labeling Developments and Calls on Senate to Move Legislation Forward- ASA welcomed guidance issued in mid-November by the FDA that establishes guidelines for the uniform, voluntary labeling for non-GMO foods. This has been a key part of ASA's push to reduce consumer confusion about which foods do and do not contain ingredients derived from biotechnology. In October, more than 20 leaders and staff from ASA and state affiliates helped lead a fly-in organized by the Coalition for Safe Affordable Food in Washington, D.C. to urge Senators to back the Safe and Accurate Food Labeling Act. In November, the White House administration rejected a petition calling for the mandatory labeling of GMO's as indication that the discussion on biotechnology in the consumer marketplace is moving according to science, rather than misconception.

ASA Supports Roberts Bill to Set GMO Labeling Standard - ASA welcomed legislation introduced in early March by Senate Agriculture Chairman Pat Roberts, which would establish a national framework for the labeling of foods containing bioengineering. The legislation comes as a result of extensive work between ASA and fellow members of the Coalition for Safe, Affordable Food and Senate leadership, and reflects the urgent need to find a path forward on the GMO issue before a controversial law requiring labeling takes effect in Vermont in July. The effort to communicate soybean farmer priorities regarding GMOs to Capitol Hill was front and center at the annual Commodity Classic in New Orleans, where ASA made it the focal point of its Thursday press conference and throughout the three-day trade show, attendees were invited to send emails and tweets to their Senate offices from a kiosk within the ASA booth. ASA also directed growers to pick up the phone and call their Senate offices via a toll-free number run by the Coalition for Safe and Affordable Food.

POLLINATOR HEALTH

Soy Growers Express Concerns with EPA's Pollinator Health Proposal- In September, ASA and PPC submitted comments to EPA, underscoring concerns that its proposal to improve pollinator health could have significant adverse consequences for growers with little guarantee of improvements. While ASA supports programs to improve pollinator health, concerns include EPA's "one size fits all" approach limiting flexibility agricultural producers need in some pest control situations and state managed pollinator protection plans (MP3s) need to be developed with significant grower involvement which will require more time and resources than what EPA appears ready to provide.

TAXATION

Soy Growers Urge Congress to Restore Section 179- Soy growers sent a letter to the U.S. House of Representatives in November, urging them to restore the higher Section 179 expensing limits and 50 percent bonus depreciation, both of which expired on Dec. 31, 2014. With the significant need for farmers and ranchers to continuously invest in machinery, equipment and other depreciable assets, the need to renew the higher Section 179 small business expensing limits and 50 percent bonus depreciation is great. ASA is a supporter of the renewal of the expired tax code Section 179 small business expensing and bonus depreciation and hopes to see it included in a multi-year extenders package.

Congress Passes Tax Extenders, Omnibus - Congress concluded its work for the year by passing an omnibus appropriations bill and a package of tax provisions. Both pieces of legislation include items of significant interest and impact to soybean farmers, including repeal of the mandatory country of origin labeling (COOL) rule; Section 179, which includes extension and modification of increased expensing limitations and treatment of certain real property as section 179 property, and the a two-year extension of the biodiesel tax credit.

TRADE

Soy Growers Lead Coalition Push for TPP- ASA led a coalition of farm groups to champion the TPP and what it means for American farmers at a press event in November. ASA is calling on Congress to take up and approve the agreement as quickly as possible. TPP will further expand our access to valuable markets in Asia and Latin America, and provisions will help eliminate many of the non-scientific barriers to market entry that hang us up in particular markets. If approved, TPP will eliminate tariffs on soybeans, oil and meal in each of the 12 TPP nations within a set timeframe. The spotlight now shifts to Congress, where the agreement faces a stiff political headwind.

ASA Calls on Congress to Pass TPP This Year - The U.S signed the Trans-Pacific Partnership (TPP) in February and formally enabled the Obama Administration to begin the process of writing legislation for Congress to approve the pact later this year. ASA is a leading supporter of the TPP agreement, which represents more than a third of the world's gross domestic product, and both emerging and major soybean export markets along the Pacific Rim. ASA encouraged Congress to press through election-year rhetoric and get to work on the TPP in 2016. In February, ASA and USSEC submitted comments to the International Trade Commission on the impact of the Trans-Pacific Partnership (TPP) on U.S. soy.

USACC Annual Celebration and Fly-in - In February, the U.S. Agricultural Coalition for Cuba (USACC) held an annual conference to mark the one year anniversary of the creation of the USACC, which ASA is a founding member of. USDA Secretary Tom Vilsack was the keynote speaker and addressed work the USACC has done over the past year and what's to come in 2016. The event also featured remarks by a number of Members of Congress. ASA participated in a USACC led advocacy day fly-in where members visited congressional office to advocate lifting barriers to trade with Cuba. The USACC

recognized a number of bi-partisan bills introduced in both the House and Senate that seek to ease barriers to trade with Cuba.

TRANSPORTATION

Congress Avoids Rail Disruption with PTC Extension- The House and Senate passed legislation in November that included a three-year extension of the Positive Train Control (PTC) implementation deadline. Railroads had indicated that without an extension, rail service in many corridors could have been halted. ASA joined with agricultural industry partners and many other stakeholders in urging Congress to extend the PTC deadline to avoid any disruption in rail service.

Congress Approves Reauthorization of U.S. Grain Standards Act- Congress passed a reauthorization bill in October, which renews important provisions in the U.S. Grain Standards Act (USGSA). These include stronger language requiring FGIS to provide export inspections in the event of a suspension of services by a delegated state inspection agency—a priority for ASA and other farm organizations following the withdrawal of services at the Port of Vancouver by the Washington State Department of Agriculture in July 2014 and the refusal by FGIS to take over until a lockout of dock workers at the port ended the following month. At the request of ASA, NCGA, NAWG, and AFBF, the Senate Agriculture Committee obtained a commitment from USDA that the Secretary of Agriculture has authority to hire private security personnel to guarantee the safety of FGIS inspectors, which had been an issue in the Port of Vancouver suspension.

Congress Passes Bill Reforming Rail Regulatory Agency - Another item on ASA's priority list was achieved in mid-December with the House passage of S. 808, the Surface Transportation Board Reauthorization Act. The bill was previously passed by the Senate and now goes to President Barack Obama, who is expected to sign it into law. ASA supported this legislation as a significant step toward improving rail oversight and the ability of rail customers to have disputes addressed more effectively and efficiently.

Soy Growers Express Support for Waterways Funding - ASA and other agricultural groups sent a letter to leaders of the House and Senate appropriations committees in March to express support for a continuation of the strong and growing funding levels for inland waterways infrastructure functions performed by the U.S. Army Corps of Engineers (USACE). ASA, several state soybean associations and multiple soybean industry partners signed a letter led by the Waterways Council urging support for the Navigation Ecosystem Sustainability Program (NESP), which encompasses the planned upgrades to locks and dams on the Upper Mississippi River System.

WATER QUALITY

Farmers Want Answers from EPA, Corps on Waters of the U.S. Webinar- In October, ASA and other agricultural groups sent a letter EPA Administrator Gina McCarthy and U.S. Army Secretary John McHugh, asking that they release answers provided at a closed webinar on WOTUS held in September, which covered several questions on growers' minds regarding jurisdictional and non-jurisdictional ditches and canals, how the agencies will determine whether a ditch that has been in place for decades is a "relocated tributary" or is "excavated in" a tributary and whether permitted discharges into these ditches must be designed to meet water quality standards in the ditch or in the receiving water. ASA and other organizations emphasized that farmers and ranchers are struggling to understand the practical implications of the final rule and asked not only for answers from that webinar, but from any future webinars be made public immediately.