



Minnesota Canola Symposium

December 7, 2021

*Federal Policy
Update & Outlook*

CR & Disaster Assistance

- Federal fiscal year ended September 30th with annual appropriations bills not complete, Congress passed a Continuing Resolution (CR) to keep government functioning through December 3rd
- The CR also includes \$10 billion for agriculture disaster assistance to cover losses in 2020 and 2021 due to drought, hurricanes, wildfires, etc.
- The disaster assistance will be administered by USDA using similar structure as WHIP+ program for losses in 2018 and 2019; roll-out expected by mid-January 2022



Appropriations - Canola

➤ Senate Ag Approps includes SAC increase and language:

Supplemental and Alternative Crops.—The Committee rejects the administration’s proposed reduction for the Supplemental and Alternative Crops research and provides an additional \$1,337,000 above the fiscal year 2021 level for this high priority research. The Committee recognizes the importance of nationally coordinated, regionally managed canola research and extension programs. The Committee encourages the Secretary to continue to seek input from stakeholders and to give priority consideration to proposals in the peer review process that address research needs in production areas with the greatest potential to expand, as well as those where canola production is established and needs to be maintained.

➤ House bill SAC funding decreased to \$663,000

➤ Sclerotinia Initiative funding continued

➤ ARS Facility in Fargo



Bipartisan Infrastructure Bill

- \$550 billion bipartisan infrastructure bill passed by Senate 69-30 and passed House 228-206
- USCA joined 37 other agricultural groups on a letter to congressional leadership in support of the bill
- The bill provides \$110 billion for roads and bridges, \$65 billion for broadband, \$17.3 billion for ports/inland waterways



Reconciliation (BBB) Package

- ~\$1.75 trillion for “social infrastructure”, energy & climate, offset with revenues from tax policy changes
- \$28 billion for ag conservation, \$2 billion for ag research, \$18 billion for biofuels/rural energy, \$27 billion for forestry
- If enacted, would significantly increase Farm Bill baseline
- Biodiesel/Renewable Diesel \$1/gal tax credit extended through 2026. Tax credit for Sustainable Aviation Fuel at \$1.25 plus \$.01 for each percentage point by which lifecycle emissions reduction exceeds 50%.
- Stepped-up basis not likely to be eliminated; no transfer tax at death
- Thin margin in House, no margin in Senate; everyone has leverage



Reconciliation – Ag Provisions

CONSERVATION: \$28B

- SOIL CONSERVATION (COVER CROP PAYMENTS at \$25/acre): \$5.05B
- EQUIP: \$9B
- CSP: \$4.1B
- ACEP: \$1.7B
- RCPP: \$7.5B
- CONSERVATION TECHNICAL ASST (NRCS): \$200M
- REGIONAL CLIMATE HUBS: \$50M
- CO2 SEQUESTRATION AND GHG EMISSIONS QUANTIFICATION PRGM: \$600M

RESEARCH EXTENSION: \$2B

- RESEARCH FACILITIES: \$1B
- AG ADVANCED RESEARCH AND DEVELOPMENT AUTHORITY (AGARDA): \$30M
- FOUNDATION FOR FOOD AND AG RESEARCH (FFAR): \$210M
- SUSTAINABLE AG RESEARCH AND EDUCATION (SARE): \$120M
- AG AND FOOD RESEARCH INITIATIVE (AFRI): \$210M

ENERGY/RURAL DEVELOPMENT/BIOFUELS: \$18.3B

- BIOFUELS INFRASTRUCTURE PROGRAM: \$1B
- RURAL ELECTRICS' CLEAN ENERGY TRANSITION: \$10B
- RURAL ENERGY SAVINGS PROGRAM: \$200M
- RURAL ENERGY FOR AMERICA PROGRAM: \$2B



Reconciliation – Tax offsets

- 15% Corporate & Global Minimum Tax on Large Corporations
- 1% Surcharge on Corporate Stock Buybacks
- Penalty Rate for Foreign Corporations Based in Non-Compliant Countries (i.e. Base Erosion and Anti-Abuse Tax)
- New Surtax on Multi-Millionaires and Billionaires (5% surtax on personal incomes above \$10 million)
- Close Medicare Self-Employment Tax Loophole by Strengthening the Net Investment Income Tax for Those Making Over \$400,000



Renewable Diesel & RFS

- **EPA indicates canola petition will be approved; timing TBD**
- **House EPA Appropriations report language**

Pathways for Renewable Fuel.—The Committee notes the Agency received a petition to include pathways for renewable diesel produced from canola oil as advanced biofuel. Within 90 days of enactment of this Act, the Committee directs the Agency to report on the status of the petition.
- **RFS volumes for 2022 still not announced**

Biotech

- USCA continues to urge FDA to complete reviews of omega-3 traits
- Submitted comments on APHIS Proposal on Genetic Engineering Exemptions
- Recently submitted comments to EPA on Biological Evaluations for Neonicotinoids; stressed importance of these seed treatments to control flea beetles
- Administration Pressing Mexico on Trait Approvals; no approved trait since 2018, creating a bottleneck blocking canola traits and others

Trade

- **Mexico** – proposed a ban on GMO corn by 2024
- **China** – Biden Administration indicates tariffs will remain, no plans for “Phase II deal”; confronting China on trade practices, human rights, and climate change
- **EU** – deal on steel & aluminum tariffs & retaliatory tariffs



USDA Climate-Smart Ag Initiative

- In September Sec. Vilsack announced intent to finance deployment of climate-smart farming and forestry practices to aid in the marketing of “climate-smart” agricultural commodities
- USDA will support pilot projects that provide incentives to implement climate smart conservation practices on working lands and to quantify and monitor the carbon and greenhouse gas benefits associated with those practices
- Timing and details TBD and TBA



Looking ahead to next year... and next Farm Bill

- Discussions and hearings will begin on the next Farm Bill
- Farm Groups will develop their proposals and establish priorities; need for consensus and collaboration
- Expected challenges:
 - Partisan dysfunction
 - SNAP politics
 - Groups opposed to farm programs (far right and far left)
 - Climate change initiatives; conservation priorities
 - Funding



Farm Bills & Canola

- USCA introduced “decoupling” in 1990 Farm Bill
- Adopted for all crops in 1996 FB (“Freedom to Farm”)
- USCA and other groups (corn, soy, wheat) successfully defended planting flexibility in 2014 FB
- USCA secured canola Reference Price of \$20.15/cwt
- Canola PLC/ARC payments totaled \$436 million in 2014-20

Canola Title I Payments: 2014-2020

Canola Farm Bill ARC/PLC Payments 2014-2020 Crops			
	PLC	ARC	Total
2014	\$55,304,089	\$393,986	\$55,698,075
2015	\$76,738,727	\$465,949	\$77,204,676
2016	\$59,597,556	\$253,076	\$59,850,632
2017	\$45,212,293	\$440,286	\$45,652,579
2018	\$74,336,153	\$404,962	\$74,741,115
2019	\$90,503,732	\$297,536	\$90,801,268
2020	\$32,590,736	\$133,336	\$32,724,072
Totals	\$434,283,286	\$2,389,131	\$436,672,417