



TEXAS CATTLE FEEDERS ASSOCIATION

NEWSLETTER

5501 I-40 W. • AMARILLO, TEXAS • PHONE (806) 358-3681 • www.tcfa.org • info@tcfa.org

Volume 51, Number 39

Sept. 29, 2017

TCFA Files Comments Encouraging EPA to Rescind and Replace WOTUS

TCFA submitted comments Tuesday to the Environmental Protection Agency (EPA) and the U.S. Army Corps of Engineers (Corps) supporting their proposal to rescind the Clean Water Rule: Definition of "Waters of the United States", and codify the status quo that is now being implemented under the Sixth Circuit stay of the 2015 Rule.

"Right now EPA has officially put the rule out to rescind," said Tom McDonald, TCFA past chairman. "What we will have is a two-step process going forward; the first to rescind and the second to replace it with a new definition that is more workable for America's farmers and ranchers. We need a definition of WOTUS that will stand the test of time, and not be fighting it again in four years."

In comments filed this week, Ross Wilson, TCFA president and CEO, said, "For more than 50 years, TCFA members have maintained a reputation of protecting and caring for the environment and natural resources."

"The agencies should rescind the 2015 Clean Water Rule because the 2015 rule's provisions are, in various respects, beyond the agencies' statutory authority, inconsistent with Supreme Court precedent and contrary to the goals of the Clean Water Act (CWA), including the act's goal to 'recognize, preserve, and protect the primary responsibilities and rights of states to prevent, reduce, and eliminate pollution'," Wilson said in comments.

The current expansion of the jurisdiction over "other waters" or "adjacent waters" that the agencies could adopt under the 2015 rule would negatively impact those members located in some of the driest parts of the U.S. Additionally, TCFA supports efforts to undertake a substantive rulemaking to reconsider the definition of WOTUS and will continue working with the EPA, the Corps and Members of Congress on a new rule that clearly articulates the extent of federal CWA authority.

TCFA encouraged members to submit individual comments to the agencies supporting repeal, and would like to thank all those members who did so. To read TCFA's full comments, visit <http://tinyurl.com/TCFA-2017-WOTUS>.

Tax Reform Framework Released

On Wednesday, President Donald Trump and Republican congressional leaders unveiled a "framework" for comprehensive tax reform. The document calls for a 20 percent corporate tax rate and a 25 percent tax rate for sole proprietorships, partnerships and S corporations. It also provides for repeal of the death tax, the generation-skipping transfer tax and the Alternative Minimum Tax, in addition to a five-year allowance for 100 percent expensing of new investments in depreciable assets (other than structures) made after Sept. 27, 2017.

Unfortunately, the framework calls for partially limiting the deduction for net interest expense incurred by C corporations and recommends further consideration on the appropriate treatment of interest paid by non-corporate taxpayers. Additionally, it is silent on stepped-up basis, like-kind exchanges, cash accounting and a number of other provisions beef producers rely upon to manage their tax burden.

According to several Members of Congress and staff, the tax reform package is still a work in progress and they are encouraging constructive feedback. TCFA is working with tax professionals in the cattle feeding industry to determine the possible impact of the tax reform package on TCFA members and will communicate that information to Congress.

The congressional leadership's goal is to adopt a tax reform package by the end of the year, but there is not a lot of time left on the calendar and Congress must first pass a budget.

To read the framework and supporting documents go to <http://tinyurl.com/TCFA-Tax-Docs>.

Tentative NAFTA Timeline Set

The Trump administration notified Congress Friday that potential changes to NAFTA could be forthcoming. The notification is required at least 180 days before a new trade agreement can be signed.

The law also requires the administration to give Congress another notification 90 days before signing the agreement and to publish the text of the pact 60 days before signing.

This means that a new trade deal could not be signed until March 2018 at the earliest. It also means that U.S. Trade Rep. Robert Lighthizer would have to reach a deal in December and publish the text in January.

TCFA Calls for Increased Funding for USDA Export Programs

The Coalition to Promote U.S. Agricultural Exports is urging the House Committee on Agriculture to increase funding for USDA export programs in the new farm bill. TCFA is a member of the coalition.

In a Sept. 19, 2017, letter to the committee, coalition members urged that funding for the Market Access Program (MAP) be increased to \$400 million annually and funding for the Foreign Market Development (FMD) Program be increased to \$69 million annually. The coalition called for phasing in the additional funding over the life of the next farm bill.

"We are requesting increased MAP and FMD funding because the programs have proven their value, with impressive return on investment, and because producers and the rural economy are struggling in part because of international competition," said Mark Powers, chairman of the coalition.

According to the coalition, inflation and a depreciated U.S. dollar have reduced the promotional power of MAP and FMD funds by almost 30 percent. Sequestration and USDA administrative expenses have also significantly reduced annual program funding.

"There is opportunity for growth in those overseas markets and industry members have increased their export promotion investment. Yet the real, effective value of funding from our federal partner has steadily eroded even as competitors greatly outspend us," Powers said.

TCFA Convention: Spazmatics, Excursions, Cooking Demonstrations and More

Attendees at the TCFA Convention will have their choice of two excursions in the downtown Amarillo area on Monday afternoon during the 2017 TCFA Annual Convention.

Convention goers can go on a tour of the historic Herring Hotel, the last standing oil-boom era hotel built in the 1920s or they can join Snack Pak 4 Kids, a remarkable program that provides weekend food for hungry children in Amarillo and surrounding areas.

Chef Jay McCarthy, the Texas Beef Council's go-to chef when it comes to beef, will also be at convention cooking up creative and unique beef dishes.

Lastly, the Spazmatics will return to the TCFA stage during the Cattle Feeders Get Together. The get together is one of the most popular events so make plans to attend. The night will culminate with the conclusion of the TCFA B_{EEF}-PAC live auction.

If you haven't registered for this year's convention, please do so at www.tcfa.org/news-events/convention.

We look forward to seeing you all at convention!



BPI Owners Set Up \$10 Million Fund for Employees from Closed Plants

The founders of Beef Products Inc. have established a \$10 million fund to benefit former employees and communities that were affected by plant closures in 2012, according to a company press release.

"We remain committed to our employees and communities and are dedicating \$10 million to benefit the employees who lost their jobs in 2012," Eldon Roth, BPI founder, said in a statement. "While it took us longer to get there than we had hoped, we are pleased to finally be able to reconnect with those former employees and see what we can do to help them continue to recover."

BPI laid off approximately 750 employees and closed three of its production facilities in Amarillo, Texas, Garden City, Kansas, and Waterloo, Iowa, in 2012 as a result of false reporting regarding the companies and Lean Finely Textured Beef.

BPI filed suit against ABC News after the network ran a month-long campaign targeting LFTB, BPI's main product. The company experienced an 80 percent decline in business. The case went to trial in June of this year and a settlement was announced on June 28.

Ban on Fresh Brazilian Beef Could Soon be Lifted

The ban on fresh Brazilian beef exports to the U.S. could be lifted in October, Brazil's agriculture minister said in a statement Tuesday.

In March, Brazil launched a probe accusing meatpackers of bribing inspectors prompting the U.S. and other countries to temporarily ban processed and fresh beef exports from the country. According to Brazil's ministry, the ban would be lifted after the U.S. finishes its current evaluation of documents sent in response to questions raised in a U.S. veterinary mission to Brazil earlier this year.

"We received information that processed beef was cleared," Agriculture Minister Blairo Maggi said. "We hope that very soon, we will also be able to clear fresh beef."

The U.S. accounted for 5.3 percent of Brazil's total fresh and processed beef exports last year, according to reports. Since the ban, Brazil has pledged to tighten food safety inspection and has hired more inspectors.

Read more at, <http://tinyurl.com/TCFA-Brazil-Import>.

Beef Checkoff: Students Attend Checkoff-Funded Texas Youth Cattle Conferences

Twenty students from across Texas attended the Texas Youth Cattle Conferences offered in the Panhandle and South Texas regions. Members of junior cattle breed associations, Texas 4-H Livestock Ambassadors program and Texas FFA Association were selected to attend the conferences through an application process.

"This is our first year to offer two separate conferences for students to see the entire beef industry first-hand, learn from industry experts and ultimately become advocates for the beef community," said Ryan Moorhouse, chairman of the Texas Beef Council (TBC) board of directors and TCFA industry relations committee member. "The conferences offer a unique opportunity to engage the next generation of leaders in our industry."

During the four-day tour, students visited ranches, foodservice distributors, processing plants, agricultural media outlets and spent time in the classroom with collegiate professors. Beef industry mentors and TBC staff will guide students through beef projects based on their experience.

Trump Considering Policy Changes on Ethanol

The Trump administration is considering a policy change that could allow an extra billion gallons or more of biofuel each year to qualify toward a U.S. mandate, lowering costs for refiners at the expense of ethanol producers, according to reports from *Bloomberg*.

EPA could propose the changes in the next few months. Sources say the change would increase the number of available compliance credits available, likely making them cheaper for refiners and potentially pitting Midwest corn farmers against oil companies.

Trump has vowed to protect corn farmers, assuring a crowd in Iowa in June that "we're saving your ethanol industries in the state of Iowa, just like I promised I would do in my campaign."

Under current regulations, each gallon of ethanol produced in the U.S. generates a tradable "renewable identification number," or RIN that can be used to prove compliance with annual biofuel quotas. But a RIN must be withdrawn if that gallon of ethanol is exported. Because imported ethanol is blended into the fuel supply, credits associated with the use of those foreign supplies qualify for compliance.

The EPA proposed a requirement that refiners and importers blend in 15 billion gallons of corn-based ethanol and other conventional renewable fuels next year. Allowing exported gallons to count toward U.S. quotas would effectively shave off 8 percent of next year's proposed quota which could dampen demand for higher-ethanol-gasoline blends.

TCFA maintains the stance that ethanol production, like other commodities, should be market driven, rather than artificially propped up by government mandates. To read more from *Bloomberg*, visit <http://tinyurl.com/TCFA-Ethanol-Policy-Change>.

Assistance Available for Flood Damaged Ag Land through NRCS

The National Resources Conservation Service (NRCS) is accepting EQIP applications from producers in the Harvey disaster-declared counties. EQUIP funding may be available for conservation practices, to address resource concerns and agricultural livestock mortality carcass disposal as a result of Harvey. The first funding deadline is **Oct. 6, 2017**, with additional funding dates of Nov. 3, 2017, and Dec. 3, 2017.

Farmers and ranchers seeking NRCS financial and technical assistance can sign up for EQIP at their local NRCS office or if already a USDA client, online via the Conservation Client Gateway. For more information, visit www.tx.nrcs.usda.gov or call (888) 489-8732.

Beef It's What Should Be for Dinner

Spoiler alert: Lean beef is good for you. That's the message from food blogger Caroline Susie, a dietitian who authors the popular blog *carolinesusieRD*.

"There are numerous studies associating red and processed meat with an increased risk of cancer," she says. "First and foremost, association is not causation. And second, you cannot pinpoint nor demonize one particular food in these observational studies. It's a combination y'all."

She goes on to point out research that shows that consuming lean beef as part of a heart healthy diet is an effective way to improve cholesterol levels and tells consumers to look for the name round or loin when shopping for beef that is lean.

To read the full blog, visit <http://tinyurl.com/TCFA-Caroline-Susie>.

Sponsor Spotlight

TCFA is proud to recognize its top sponsors whose efforts help deliver top-notch service.

This week's spotlight shines on:



Bayer would like to thank TCFA members for their support of Bayer products. Bayer has been a long-standing supporter of TCFA and was one of the very first Platinum sponsors. This is made possible from membership support of Bayer products such as Baytril® 100 (enrofloxacin), Zelnate® DNA Immunostimulant, Cydectin® (moxidectin), Clean-Up™ II Pour-On Insecticide with IGR, CyLence® Pour-On, Tempo® premise insecticides, Corathon® and CyLence Ultra® insecticide ear tags and QuickBayt® Fly Bait. For more information, visit www.bayerlivestock.com.