



# AT THE CAPITOL

Providing One Voice for Blue Diamond Almond Growers

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BlueDiamondGrowers.com

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USDA Under Secretary for Trade and Foreign Agricultural Affairs Ted McKinney and Blue Diamond's Communications and Public Affairs Director Alicia Rockwell on first U.S. trade mission to India.

## WASHINGTON

**The new year marked the end of President Trump's first year in office. Throughout 2017, Blue Diamond has engaged with the new administration and Congress to educate them on our cooperative and the issues that most affect us and the almond industry.** As we move into the new year, work will continue to focus on top issues, such as tax, foreign trade, immigration and the Farm Bill. It is important to engage legislators early as they focus on midterm elections this November. Below you will find an overview of what was accomplished in the latter half of 2017 and what Blue Diamond's priorities are for 2018.

### Tax Reform

During the second half of 2017, your Blue Diamond team was very focused on Tax Reform. This effort required an "all hands on deck" approach, with your finance, tax accountants, advocacy, government relations and membership team members all working to ensure the best outcome for our grower-owners. These efforts were largely successful because of the 600-plus growers that contacted their representatives to discuss what tax reform meant to them and their operations.

Our priority for tax reform was to obtain provisions in the tax bill that benefit grower-owners and their farming businesses. This specifically included IC-DISC, section 199 or DPAD, State and Local Tax (SALT), and the

immediate expensing of capital acquisitions. Tax reform was passed by Congress and signed into law by the President just before Christmas. IC-DISC and a limited relief from SALT was preserved. Protecting Section 199 was very difficult, but by working closely with our House Members and our partner associations, your Blue Diamond team was able to persuade Congress that the benefits of 199 were crucial for co-op farmers in California and across the country. This resulted in the creation of a new section, 199A, which provides additional benefits to all cooperatives and their members. The inclusion of these provisions would not have been possible without the hundreds of Blue Diamond growers who engaged their representatives. An aggressive effort will be required to maintain 199A. Large grain corporations are working very hard to repeal 199A. If successful, they would keep their 40 percent tax deduction and gain an advantage over grower-owned cooperatives.

## Farm Bill

The House Agriculture Committee is expected to take up the Farm Bill early this year with the hope it will be up for a vote on the House floor by March. The Senate will work on the Farm Bill following the House action. Throughout 2017, Blue Diamond has been working with our industry associations to ensure that our growers' interests are protected, and our priorities are heard by lawmakers.

Securing the continuation of and increased funding for the Market Access Program (MAP) is a top priority for the cooperative as MAP allows Blue Diamond to enter into new countries and market Blue Diamond almonds. In addition to MAP, preventing the Dairy Pride Act from being included in the Bill is essential. If the Dairy Pride Act is successful, it would prevent labeling or selling almond milk as almond milk. The dairy industry has now introduced a second bill, known as the Curd Act, which addresses the labeling of yogurt. This is a complicated issue for many of our congressional friends as many work with both the almond and dairy industries. Your Blue Diamond team will remain closely engaged in the Farm Bill discussions throughout 2018.

## Immigration

Immigration was a contentious issue last year and will continue to be in 2018. While there are many arguments surrounding this issue, Blue Diamond recognizes the need for a legal workforce not only for the almond industry, but also for California to continue being a top agricultural state. Late 2017 saw the House Judiciary Committee report out a guest worker bill. Before this bill is adopted by the House, it is critical for a good guest worker program to accompany the E-Verify component. Without this incorporation, farms could see significant loss of labor resulting in severe consequences for farming operations across the country. As the possibility of legislation on this issue increases, so will Blue Diamond's advocacy.



USDA Deputy Secretary of Agriculture Steve Censky and Under Secretary Ted McKinney with Blue Diamond's Alicia Rockwell.

## Trade

Trade continues to be a focus for Blue Diamond's advocacy team in Washington. The North American Free Trade Agreement (NAFTA) is a top priority, as the outcome will have a significant impact on our farmer members and our cooperative. NAFTA negotiations are ongoing with Canada and Mexico. How and when this process will be concluded is not yet known. President Trump continues to periodically raise the prospect of withdrawing from NAFTA, which would have a direct adverse impact on our sales to Mexico. As negotiations continue, Blue Diamond will continue to meet with trade negotiators to highlight the importance of NAFTA and the implications of withdrawal.

The United States-Korea Free Trade Agreement (KORUS) is also a high-priority trade agreement for Blue Diamond. Korea is a very important market for the cooperative. This trade agreement allows California almonds to be

competitive within Korea and provides significant benefits to American agriculture. Your Blue Diamond team will continue to advocate strongly for its continuation.

In India, Blue Diamond continues to work closely with our negotiators to obtain a duty reduction in India to stop the smuggling of almonds. This would result in an increase of sales of almonds to India.

The President has recently suggested he may reconsider the benefits of the Trans-Pacific Partnership (TPP). This would be very beneficial to the industry. Blue Diamond will follow this closely and encourage the U.S. to join TPP.

Efforts to open up new markets or improve the conditions of entry for almonds worldwide will continue as we seek to deliver the benefits of almonds to the world.



Assemblymember Heath Flora and staff tour Blue Diamond's Sacramento Plant.

# CALIFORNIA

**Whether it was through successfully killing or amending threatening bills, securing millions of dollars in funding for farmers and food processors or passing proactive, positive measure for the industry, your Blue Diamond team and industry associations were able to maneuver the California Legislature and a Democratic super majority.**

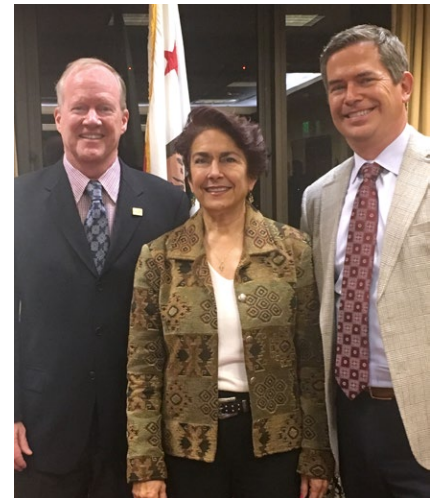
As the first year of a two-year session is behind us, we embark on the final year of Governor Jerry Brown's term. Consequently, we anticipate seeing a focus on water infrastructure and climate change. Below we have summarized State advocacy efforts in the latter half of 2017 and what we anticipate being important issues for Blue Diamond in 2018.

## Water

The 2017 Legislative session deliberated major water funding polices and long-term conservation frameworks, all left unfinished as the legislature, State Water Resources Control Board and the Governor could not come to a compromise. We expect to see these conversations continue this year. Blue Diamond and industry associations were intimately involved in these efforts and will be at the table as discussions continue.

### WATER QUALITY

Water quality remains a high priority in Sacramento. The Governor signaled his support for **SB 623** and announced the opening of a Safe Drinking Water Fund in his 2018



Assemblymember and Chair of Ag Committee Anna Caballero with President and CEO, Mark Jansen and Board Chairman, Dan Cummings at Blue Diamond's Young Leader Program.

January Budget. **SB 623** would provide funding to impacted communities whose drinking water exceeds the standard of nitrates. The bill puts a public goods charge on water meters for both residential and commercial customers, as well as a fee on fertilizers and dairies. Given the need for a solution to help ensure families have clean drinking water, including rural and agricultural areas, agriculture worked with the author to support this bill and in return received liability protection. The bill has passed the Senate and awaits the two-thirds vote it will need to pass the Assembly.

## Labor

Agriculture was able to successfully negotiate labor bills such as **AB 450** (Chiu), signed by the Governor in October. The bill prohibits an employer from providing voluntary consent to an immigration enforcement agent to enter nonpublic areas of a place of labor or to access, review or obtain





Assemblymember Rudy Salas tours Central Valley Almond Association with Board Director Kent Stenderup.

employee records unless the agent has a warrant. Blue Diamond was able to work with the author to amend the bill in a way that would not put the employer in danger of liability. As the 2018 legislative year continues, it is likely we will see more labor bills come to fruition. Blue Diamond will be at the ready to negotiate or defeat any threatening bills introduced.

## Pesticide Use

Agriculture was spared last year from any detrimental pesticide bills passing the legislature. The industry was able to prevent harmful legislation from obtaining passage, including a bill limiting the use of neonicotinoids and rodenticides. However, as the state attempts to counteract the federal regulation roll backs with stronger state regulations, the narrative around pesticides is changing. The pesticide Chlorpyrifos was recently listed under **Prop 65**, which requires businesses to inform citizens about exposures to chemicals within a year of its listing. Glyphosate is also on the radar of many activists and NGOs. Our team and industry associations are actively monitoring this addition and are engaged as discussions on pesticides occur.

## Food Labeling

Last year the snack, sugar and soda tax and labeling bills were successfully defeated, but because California has a two-year legislative cycle, all bills can and will likely move in the 2018 session as the legislature looks for new sources of revenue. Your advocates will stand ready to continue to seek rightful exemptions for nuts and other products in the Blue Diamond portfolio that could be at risk for a tax. This month the “snack tax” bill was killed in its first policy committee, though we wouldn’t be surprised if other bills targeting sugar, dyes, and synthetic ingredients resurface.

*The goal of the Blue Diamond public affairs team is to use At The Capitol to keep you informed and engaged with your cooperative’s advocacy efforts.*

As our team works with some of the more urban legislators in Sacramento and those in Washington D.C., who are pursuing legislation impacting our vital industry, any feedback we receive from our growers that can help illustrate the demands and hardships facing the industry today (water shortages, labor, climate change, crop pricing etc.) would be extremely beneficial.

*We encourage your questions and support, please contact:*

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