

Federal Issues Impacting Agriculture



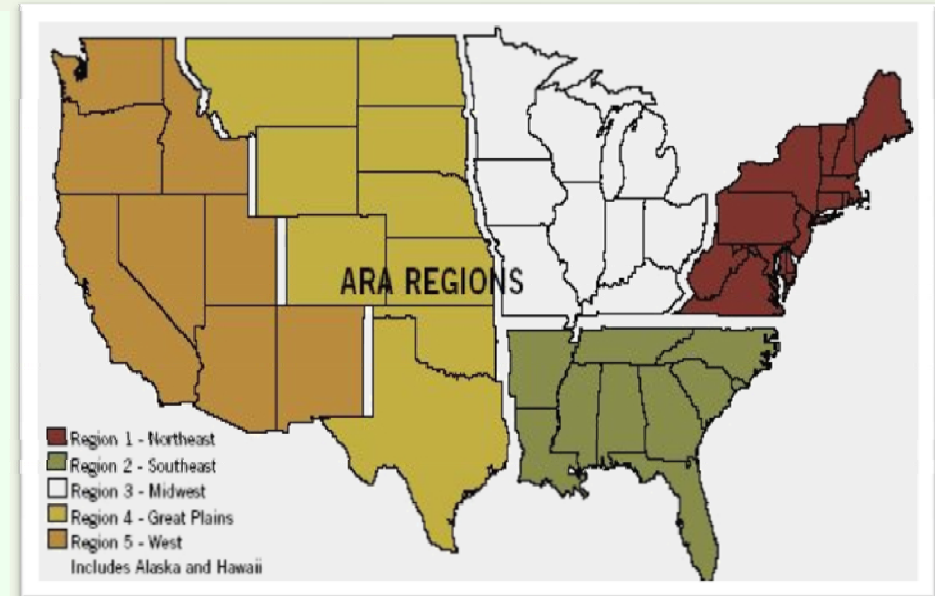
National Agronomic Environmental Health & Safety School August 17, 2010

Richard Gupton
Vice President of Legislative
Policy & Counsel
www.aradc.org

WHO IS ARA?

- OVER 6,500 agronomy retail and distribution outlets, which account for over 75% of all crop inputs sold to America's farmers.

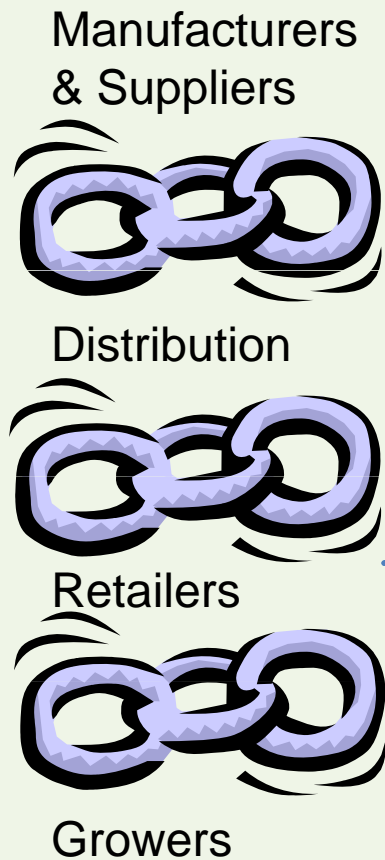
- Provides various services to retailers and their supply chains



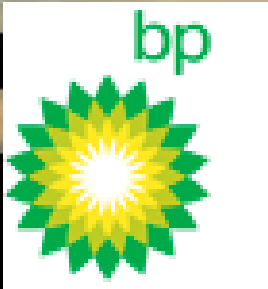
- The Washington Office of American Agricultural Retailers
 - Legislative
 - Regulatory



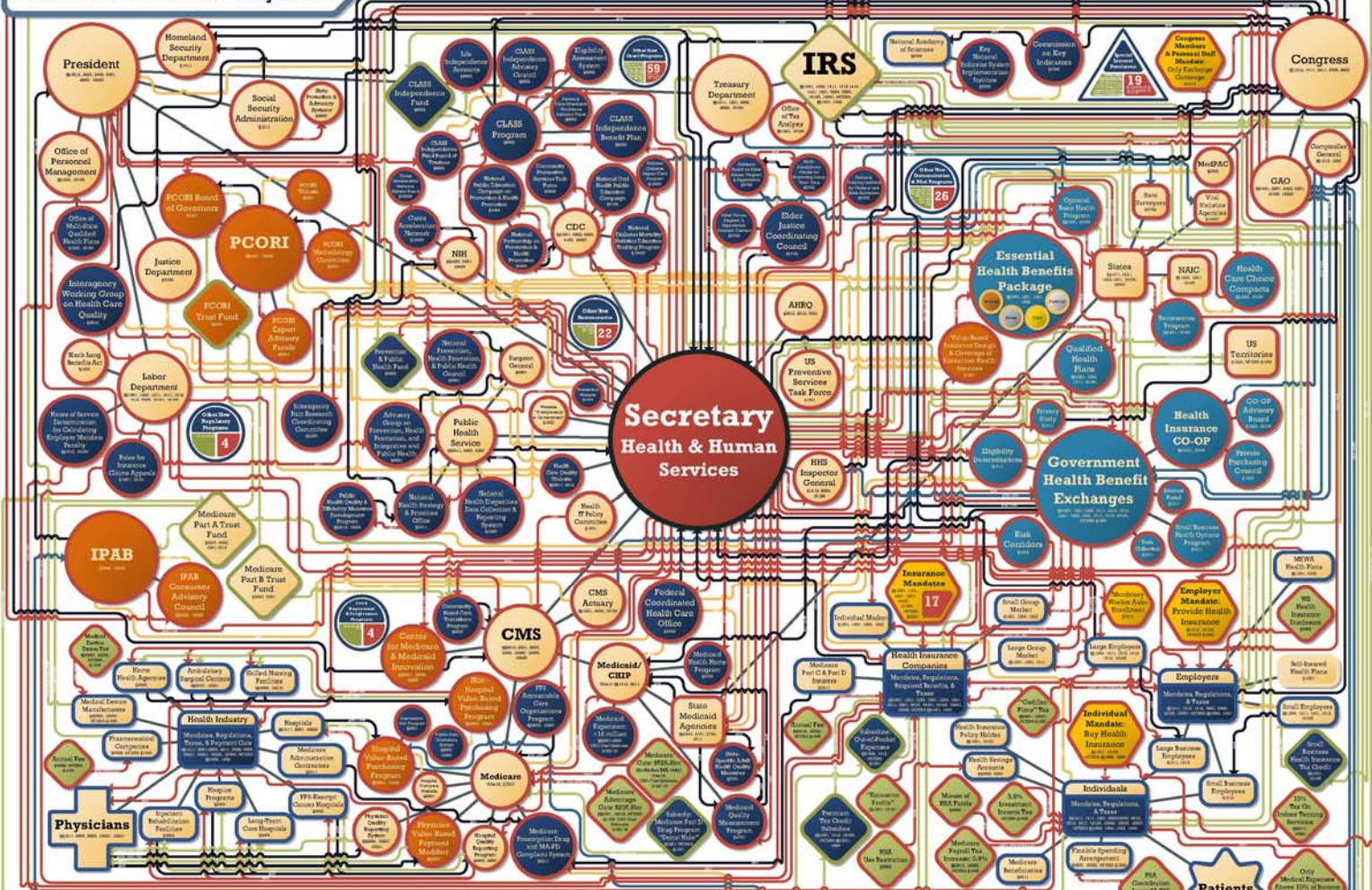
WHAT EXACTLY DO WE DO?



MACRO POLICY ENVIRONMENT



Your New Health Care System



New Government	Expanded Government	Private	New Relationships
<ul style="list-style-type: none"> ● Rationing Potential ● Involvement in Health Insurance Market ● Other Expansions ● Represents Bundles of Additional Entities 	<ul style="list-style-type: none"> ● Mandates ● Taxes & Monetary Fees/Penalties/Cuts ● Trust Fund (Rationing Potential) ● Other New Trust Funds/Monetary Benefits 	<ul style="list-style-type: none"> ● Government with Expanded Authority/Responsibility ● Government Financial Entity with New Inflows/Outflows ● State/Territory with Expanded Authority/Responsibility 	<ul style="list-style-type: none"> ● Private Entity with New Mandates/Regulations/Responsibilities ● Unchanged Private Entity ● Special Interest Provisions

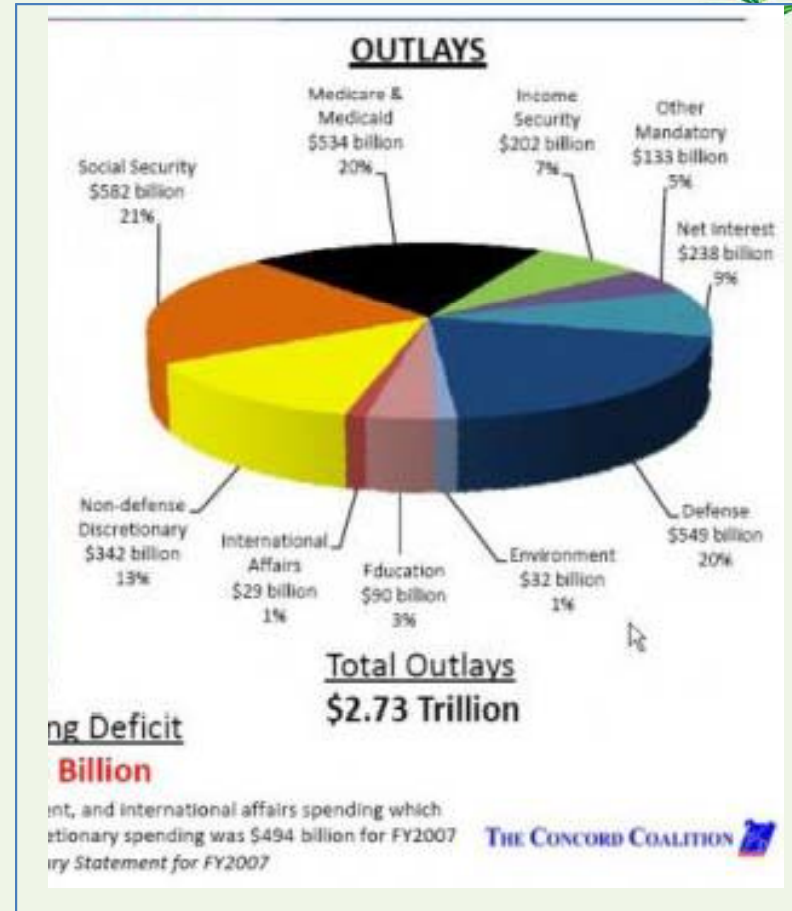
Regulations/Requirements/Mandates	Reporting Requirements	Oversight	Money Flows	Consultation/Advisory/Info Sharing	Structural Connections (Includes Existing)
→	→	→	→	→	→

<ul style="list-style-type: none"> ACF: Adjusted Gross Income AHRQ: Agency for Healthcare Research and Quality CDC: Centers for Disease Control & Prevention CHIP: Children's Health Insurance Program CLM: Community Living Assistance Services & Supports CMS: Centers for Medicare & Medicaid Services CO-OP: Consumer Operated & Oriented Program FFS: Fee-For-Service FSA: Flexible Spending Arrangement GAO: Government Accountability Office HCERA: Health Care & Education Reconciliation Act HRSA: Health & Human Services Department IRA: Health Savings Account IRAP: Independent Payment Advisory Board IRS: Internal Revenue Service MAFAC: Medicare Advantage Prescription Drug MAPAC: Medicare Payment Advisory Commission MDTP: Medical Early Risk Detection REAP: Reusable Auxiliary Inland Office Regional System MEPS: Multiple Employer Welfare Arrangement NAAC: National Association of Insurance Commissioners NPS: National Institutes of Health PCORI: Patient-Centered Outcomes Research Institute PPS: Prospective Payment System 	<ul style="list-style-type: none"> ACA: Affordable Care Act ACA: Patient Protection and Affordable Care Act, P.L. 111-148 ACA: Health Care and Education Reconciliation Act, P.L. 111-148 ACA: Prepared by: Joint Economic Committee, Republican Staff ACA: Congressman Kevin Brady, Senior House Republican ACA: Senator Sam Brownback, Ranking Member
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BUDGET DEFICIT

“Starting in 2011, we are prepared to freeze government spending for three years. Spending related to our national security, Medicare, Medicaid, and Social Security will not be affected. But all other discretionary government programs will. Like any cash-strapped family, we will work within a budget to invest in what we need and sacrifice what we don’t. And if I have to enforce this discipline by veto, I will.”

President Barack Obama
January 27, 2010



Budget Commission considers proposal to limit gov't revenue to 21% of GDP



\$14,000,000,000,000



- \$45,000 for every American





GOVERNMENT

"...is like a baby: An alimentary canal with a big appetite at one end and no sense of responsibility at the other."

--Ronald Reagan

“THE AMERICAN REPUBLIC WILL ENDURE UNTIL THE
DAY CONGRESS DISCOVERS THAT IT CAN BRIBE THE
PUBLIC WITH THE PUBLIC'S MONEY.”

ALEXIS DE TOCQUEVILLE
1805-1859



PRIMARY AG RETAIL POLICY ISSUES

- Homeland Security
 - Chemical Site Security & IST
- Transportation
 - Hours of Service ag exemption
- EPA
 - Nutrient TMDLs
 - Climate & GHG
 - Spray Drift
 - NPDES
 - ESA & pesticides
 - Particulate Matter revision

CHEMICAL FACILITY ANTI-TERRORISM STANDARDS (CFATS)



CFATS PROGRAM OVERVIEW

- Based on risk, facilities separated into 4 DHS tiers
- CFATS covers about 6,000 facilities (1000+Ag)
- Farm operations operating under an “indefinite extension”
- Current Authorization Expires in Oct. 2010
- Legislation on the Hill brings in ALL parties
 - Retailers are the grower information link.



SENATE PANEL APPROVES CFATS EXTENSION

- Bi-partisan proposal sponsored by Senators Collins (R-ME), Pryor (D-AR), Voinovich (R-OH) and Landrieu (D-LA)
- All Senators on the Homeland Security & Governmental Affairs Committee voted YES for Collins-Pryor proposal

Key Provisions Would:

- Reauthorize CFATS program for an additional 3 years
- Direct DHS to develop voluntary exercise and training programs to improve collaboration with the private sector and other stakeholders;
- Establish a voluntary technical assistance program allowing DHS to provide non-binding recommendations or assistance to covered facilities at the request of the owners/operators of those facilities;
- Create a chemical facility security best practices clearinghouse at DHS; and
- Establish a chemical facility security advisory board to advise DHS on CFATS implementation and the voluntary technical assistance program.



CHEMICAL FACILITY SECURITY AND IST

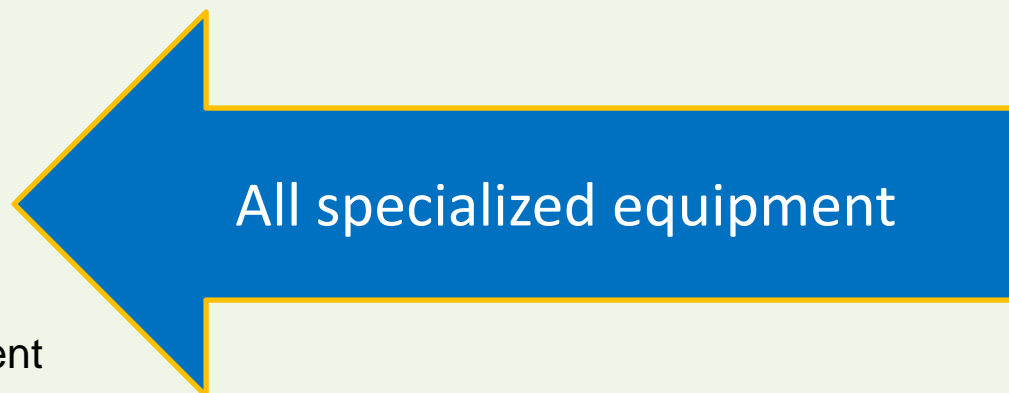
H.R. 2868, the Chemical Facility Anti-Terrorism Act of 2009

- Inherently Safer Technology (IST) requirement will jeopardize availability of products such as anhydrous ammonia and ammonium nitrate.
 - Loss of anhydrous ammonia and the infrastructure
 - Extra cost to purchase substitutes for nitrogen fertilizers
 - UAN, Urea, etc.
 - Application of fertilizer is seasonal – only two windows a year available for application – spring and fall
 - Ammonia substitutes are not practical for fall application everywhere
- H.R. 2868 passed the U.S. House of Representatives on Nov. 6, 2009 by a vote of 230 to 193. Only House Democrats voted for bill.



WHY IS AMMONIA INFRASTRUCTURE UNIQUE?

- Transportation of gas is a specialized process
- Specialized equipment is used for loading and unloading, transporting, storing and field application of ammonia
 - Vessels
 - Terminals
 - Rail cars
 - Trucks
 - Storage Facilities
 - Farm application equipment
- **Unique equipment – cannot be used for substitute fertilizers (ammonia is the only fertilizer transported and stored under pressure)**



Unique
Infrastructure!

Nitrogen Product Distribution

Mode
used
depends
on the
product,
quantity
moved,
and
distance
traveled.

Pipeline



Barge



Rail



Truck

POTENTIAL AMMONIA SUBSTITUTES

- Most likely are **urea** and/or **nitrogen solutions**
- **Urea**
 - Solid
 - 46% Nitrogen
- **UAN (urea-ammonium nitrate) Solutions**
 - A.K.A. Nitrogen solutions
 - Liquid
 - 28-32 % N (Ave. of 30.4% by use) Nitrogen
- **Both have less nitrogen content than ammonia which means more fertilizer material must be applied to get the same quantity of N;**
- **Neither product can utilize infrastructure already in place for anhydrous ammonia;**
- **If anhydrous ammonia is discontinued – infrastructure (including farm equipment) must be scrapped;**
- **Additional use of ammonia substitutes would put significant strain on entire transportation system (ocean freight, barge, rail, truck).**



IMPACT ON RETAILERS

- **Loss of specialized anhydrous ammonia infrastructure – Lost value!**
- **Extra Cost to purchase larger amounts of substitute nitrogen fertilizers – UAN and Urea**
- **Extra Cost for increased storage capacity**
- **Extra cost for application equipment**
- **Employee workloads would be concentrated in spring planting season since urea or nitrogen solutions can not be applied in the fall in some parts of the U.S.**
- **Transportation costs will increase with imports – nitrogen solutions is nitrogen + water – why pay to transport water from overseas?**



HOS AG EXEMPTION

- Exemption Allows for the timely and efficient movement of agricultural commodities and farm supplies during “planting and harvesting” season as defined by the state
- Limited to 100 air-mile radius from the source of the commodities or distribution point of the farm supplies
- Current Issue with Federal Motor Carrier Safety Administration (FMCSA) relates to movement of farm supplies from terminal / port to Ag retail location



HOS AG EXEMPTION CONT.

- FMCSA has proposed 2-year waiver of the hours of service rules for the movement of anhydrous ammonia (NH₃)
- Comment period ended on Aug. 13, 2010
- ARA supports a permanent solution that covers the movement of all farm supplies throughout distribution system
- All movements from Retail location to farm remain covered by HOS ag exemption, first established by Congress in 1995



COMPREHENSIVE SAFETY ANALYSIS (CSA) 2010

- CSA 2010 is a Federal Motor Carrier Safety Administration (FMCSA) initiative to improve large truck and bus safety and ultimately reduce commercial motor vehicle (CMV)-related crashes, injuries and fatalities.
- Within the CSA 2010 Operational Model, the [Safety Measurement System \(SMS\)](#) quantifies the on-road safety performance of carriers and drivers to identify candidates for interventions, to determine the specific safety problems exhibited by a carrier or driver, and to monitor whether safety problems are improving or worsening.
- SMS replaces SafeStat in the new Operational Model.



WHAT CSA 2010 WILL MEAN FOR INDUSTRY?

- More Carriers may fall into the Marginal and Unfit Categories
- More Carriers will have some type of intervention by DOT
- Drivers will receive more scrutiny
- Companies will need to more carefully screen new drivers
- Increased need for better data and “clean” inspections

What Can You Do Now?

- Educate Yourself and Other Employees
- Ensure Compliance
- Check and update records

<http://csa2010.fmcsa.dot.gov>





SO HOW IMPORTANT IS IT TO HAVE A STRONG VOICE IN WASHINGTON?



THANK YOU!

