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## **Administration & Congressional Preview: Agricultural Policy November 2016**

After eight years of the Obama administration, the ascendance of President-elect Donald Trump to the White House constitutes a palpable reset for the Agricultural sector and the policy and regulatory environment in which it exists. One week after the election, indications from Trump's agriculture policy surrogates, transition team roster, and list of potential Secretary of Agriculture candidates suggest the beginnings of an administration oriented around private sector collaboration and a renewed commitment to honoring the unique value Agricultural businesses and communities bring to the economy. This tonal shift and attention from the Trump administration will be a welcome change for the agricultural sector, which has felt significant economic pressure over the last two years of low commodity prices and increased operating costs. The following is a preliminary overview of the Trump administration's posture towards agricultural policy and the prospects for action under a Republican-controlled House and Senate.

President-elect Trump predicated much of his campaign success on pledging to empower rural America and has enumerated a set of policy goals that are aimed at restoring prosperity and growth for the agricultural sector. The following describes talking points that have been released by Trump's Agriculture Advisory Committee and provides a window into the nascent administration's thinking.

- Given Trump's campaign rhetoric on immigration and proposed action on illegal immigrants, the industry (especially dairy, which relies heavily on migrant and undocumented labor) has expressed legitimate concerns about the viability of their workforce. Questions exist about deportation policy and increased Immigration and Customs Enforcement (ICE) action. However, the timeline for these proposed actions is not immediate and Trump's campaign rhetoric will have to meet the political and economic reality of deporting a labor force essential to the agricultural sector. It is reasonable to expect the Trump administration will temper their immigration initiatives in this regard. The prospect for mass deportations of non-criminal illegal immigrants would face hurdles in Congress. Similarly, President-elect Trump has stated in the near term that the main focus will be border security. Accordingly, Trump's policy team's talking points state that the Trump administration "recognizes the unique labor challenges facing the American farm community and will include farmers and ranchers in the process of determine the best possible immigration policies." A combination of administrative and legislative action is possible during the administration's first 100 days and Michael Best Strategies (MBS) will be closely monitoring further developments.
- For the development of the 2019 Farm Bill, the Administration pledges that it will be an "active participant" in delivering a farm bill on time that benefits farmers. Additionally, the Secretary of Agriculture will be involved in decisions impacting rural America including environmental regulation.

- Regarding trade policy, the administration will work to create trade deals that defend agricultural exports markets. Now that the prospect for the Trans Pacific Partnership in its current form is over, the agricultural sector has the opportunity to rewrite its pertinent parts of the agreement.
- Under the Trump Administration, the tax and regulatory environment is to set to become more favorable for agricultural businesses with priorities that include, lowering the corporate tax code to 15 percent, a complete elimination of the inheritance tax, the appointment of judges that protect private property, water and mineral rights for farmers and ranchers, and the repeal of the Waters of the U.S. Rule.
- For issues such as GMO labeling, where a patchwork of state regulations threatened to hamstring industry, the administration pledges active collaboration with Congress to enforce interstate commerce laws to reduce the prospect of inconsistent state policies.
- Energy input costs for the Agriculture sector have the potential to decrease as the Trump Administration seeks to repeal most of the fossil fuel and emission restrictions imposed by the Obama administration. Throughout Trump's campaign, which began in Iowa, the administration has pledged to continue to support biofuels as a part of the U.S.'s energy independence strategy.

### **Trump Transition Agriculture Policy Lead: Michael Torrey**

Despite Trump's campaign rhetoric that he would "drain the swamp" of Washington's lobbying influence and insiders, the reality of assuming the enormous responsibility of taking over the domestic policy apparatus and agency control requires people with deep policy and administrative experience. In August, then candidate Trump released its roster for its Agricultural and Advisory Committee. Aside from experienced elected officials including Chairman Conaway of the House Agriculture Committee, the group featured a significant [presence](#) of Agribusiness leaders and producers, further cementing Trumps stance to have a collaborative relationship with the farm community.

Michael Torrey is a principal and founder of the lobbying shop Michael Torrey Associates. Torrey has spent more than 25 years in the agricultural policy realm, and his firm works on behalf of clients like the American Beverage Association, Dean Foods, the Illinois Soybean Association, Crop Insurance and Reinsurance Bureau and pizza franchise, Little Caesars. Before he started his firm, in 2005, Torrey served as former USDA Secretary Ann Veneman's deputy chief of staff during the George W. Bush Administration, advised Kansas Senator Bob Dole, and worked at the Commodity Futures Trading Commission.

### **Possible Trump Candidates for USDA Secretary**

Possibly due to the size of the Trump Agriculture advisory committee and the emphasis that Trump placed on rural America, there is a robust list of possible candidates for USDA Secretary. During the Obama Administration, Secretary Vilsack was viewed as one of the least partisan choices in President Obama's cabinet. Full Senate confirmation for USDA Secretary is required and Republicans will control 52 seats in the 115<sup>th</sup> Congress. It is yet to be determined how fierce Democrat opposition will be in the Senate, which requires a simple majority to confirm a nominee but 60 votes to override a filibuster. Traditionally, Agriculture Secretary has the most bipartisan momentum behind it, but it is yet to be seen how Democrats will respond to a Trump Presidency. With Democrats holding 48 seats, they cannot singlehandedly override a Trump nominee, but 12 Democrats will be needed to override a filibuster and secure a cloture vote to

move the confirmation process forward. The following chart represents the current list of USDA Secretary's being considered by the Trump transition team.

Sam Brownback	Governor of Kansas
Chuck Conner	Deputy Secretary for Agriculture under George W. Bush; CEO of National Council of Farmer Cooperatives
Dave Heineman	Former Governor of Nebraska
Charles Herbster	Nebraska Cattle Producer; Owner of Conklin Company; Head of Trump's Agriculture Advisory Committee
Mike McCloskey	CEO of Fair Oaks Farms (Dairy Farm) in Indiana; Trump Agriculture Advisor
Ted McKinney	Director of Indiana Department of Agriculture
Sid Miller	Secretary of Agriculture in Texas
Sonny Perdue	Former Governor of Georgia
Rick Perry	Former Governor of Texas
Bruce Rastetter	CEO of Summit Group
Kip Tom	CEO of Tom Farms, Former Congressional Candidate in Indiana; Trump Agriculture Advisor
Don Villwock	President of the Indiana Farm Bureau

## Congressional Outlook

The 115<sup>th</sup> Congress will be a busy two years for agricultural policy. The two key committees in the House and Senate are set to return with their chairman and ranking members from the 114<sup>th</sup> Congress. In the 114th Congress, Senator Pat Roberts (R-KS) and Representative Mike Conaway (R-TX) became chairmen of the Senate and House Agriculture Committees, respectively. On the Democrat side, Sen. Stabenow (D-MI) and Rep. Colin Peterson (D-MN) will likely return to their previous spots as ranking members on their respective committees.

The full makeup of the Senate Committee is projected to remain unchanged for the 115<sup>th</sup> Congress. No members of the current committee lost their reelection bid and several were not up this cycle. At the subcommittee level, it is projected that most of the current chairmen will stay on. Sen. Boozman (R-AR) is set to remain chairman of the Commodities, Risk Management and Trade Subcommittee, Sen Hoeven (R-ND) will likely stay on as the top Republican on the Nutrition, Specialty Crops and Agricultural Research Subcommittee, Sen. David Perdue (R-GA.) will likely remain chairman of the Conservation, Forestry and Natural Resources Subcommittee, Sen. Joni Ernst (R-IA) could retain her top spot on the Rural Development and Energy Subcommittee and Sen. Ben Sasse (R-Neb.) may keep his position as chairman of the Livestock, Marketing and Agricultural Security subcommittee. Additionally, the Senate committee will be the first step for President Trump's USDA Secretary selection which requires the committee to the nominee with a majority vote.

Similarly, on the House side the subcommittee structure is likely to stay the same. Rep. Rodney Davis (R-Ill.), chairman of the Biotechnology, Horticulture and Research subcommittee won re-

election and is likely to retain his position. Rep. Suzan DelBene (D-Wash.), the subcommittee's ranking member, won re-election as well. Rep. Rick Crawford (R-Ark.) is set to retain his position as chairman of the General Farm Commodities and Risk Management subcommittee which has oversight of the Commodity Futures Trading Commission. Rep. Tim Walz (D-Minn.), the subcommittee's ranking member, won his seat and is positioned to resume his spot on the panel. Rep. David Rouzer (R-N.C.), chairman of the Live-stock and Foreign Agriculture Subcommittee, is poised to keep his position after being re-elected. Due to several retirements and the defeat of Rep. Ashford (D-NE), the general makeup of the Committee will change. One possibility is that newly elected Rep. Gallagher (R-WI) may be placed on the House Agriculture committee.

With the farm bill set to expire after 2018, member level negotiations will begin in early 2017 and will set the stage for the upcoming legislative debate. With Republicans in control of both the House and Senate, the 115<sup>th</sup> Congress will be the first in 20 years where Republican Chairmen of both Agriculture Committees will work together to pass a farm bill. Add in a friendly administration and expect that the Chairmen of both committees to work closely with the administration and industry during the lead up to the bill through a series of open hearings, meetings and industry listening sessions. During the tough dairy economy in 2016, Rep. Peterson had vocally pushed to move up the schedule on the 2018 farm bill reform aid programs for farmers hurt by low commodity prices. However, Chairman Conaway as of August has resisted following that request.

Overall, President-elect Trump and returning influential Members of the Republican-controlled House and Senate have pledged to focus their efforts on reforming existing federal food and agricultural policies. Aside from the farm bill reauthorization process, the current child nutrition programs expired on September 30, 2015, and Congress has yet to pass a reauthorization bill. Additionally, regarding genetically modified organisms (GMOs), in July 2016, after months of heated debate, Congress ultimately passed a bill that establishes a national labeling standard for products containing GMOs and preempts all state-level labeling laws. Industry and Congress will now closely watch U.S. Department of Agriculture (USDA), which is tasked with developing regulations implementing the GMO labeling bill.

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