

Today is \_\_\_\_\_, \_\_\_\_\_ the \_\_\_\_\_. This is Ken Morgan's Northcoast Ag Report, our lead story is about \_\_\_\_\_ when we return

## **Ag Labor Fix Tied to DACA Bill in Congress**

**A complete overhaul of the American agricultural guest worker program is a major part of a House of Representatives' plan to fix the immigration status of young people involved in the Deferred Action for Childhood Arrivals Program (DACA). The DACA program is currently tied up in an immigration reform battle on Capitol Hill. A DTN report says Virginia Republican Bob Goodlatte, as well as three other Republicans, introduced the "Securing America's Future Act." The bill has several provisions in it, including an end to the green card program and it claims to reduce overall immigration by 25 percent a year. At the same time, the bill increases visas for skilled workers, as well as agricultural workers too. The bill would also scrap the current H-2A program and replace it with a new one that's called H-2C. It would allow American farmers to bring in 410,000 foreign workers for farm jobs, as well as 40,000 workers for meatpacking jobs. The number of visas will increase each year, which means farmers would be able to bring in 1.3 million foreign workers in farming and related industries.**

### **Urgent: Request Extension of Time to be Eligible for AB 589 Diverter Self-Certification**

On January 1, CCA-sponsored AB 589 (Bigelow) formally took effect. AB 589 allows diverters of 100 acre-feet of water per year or more to take a UC Cooperative Extension course and self-certify as a "qualified individual" for purposes of installing, calibrating and certifying a water diversion measurement device required by SB 88 (2015) and the Emergency Regulation for Measuring and Reporting the Diversion of Water adopted by the State Water Resources Control Board (SWRCB) in 2016.

Because most diverters of 100 acre-feet per year or more (with the exception of those with diversions-to-storage between 100 and 200 acre-feet per year) were required to install a measurement device no later than July 1, 2017, many who hoped to self-certify have requested extensions of time from the SWRCB. For many, however, those extensions have already expired or are set to expire prior to the AB 589 courses being made available.

To allow diverters to take advantage of the courses, the SWRCB has announced that it will provide extensions of time for complying with the regulations for those interested in enrolling. According to the SWRCB, those who have not yet filed an extension of time request may do so "at the Water Right Form and Survey Submittal Portal [here](#), noting your intent to register for the AB 589 class under Section B of the form."

According to SWRCB staff, "In January, we will be adding a Supplemental Request for Additional Time form to the Water Right Form and Survey Submittal Portal. With this form, diverters who have already submitted a request prior to the passing of AB 589 will be able to amend their request to indicate that they intend to take the class." While an SWRCB notice recently alerted those who have previously submitted extension of time requests to email the waterboard for an additional extension, those emails will not themselves suffice as a formal supplemental extension request; anyone submitting an additional extension of time request to take AB 589 courses will be required to file the Supplemental Request when it becomes available later this month.

The AB 589 courses have not yet been scheduled. For this reason, SWRCB staff recommends requesting at least a six-month additional extension, during which time the SWRCB expects the courses to be made available. To monitor availability of AB 589 courses, diverters can monitor the regulation webpage [here](#).

For more information, contact Kirk Wilbur in the CCA office.

### **Reminder: SB 88 Measurement Requirements Now Fully in Force**

As of January 1, all water rights holders with a diversion greater-than 10 acre-feet per year are now required to have a measuring device installed at the point of diversion unless they have been granted an extension of time or are operating under an alternative compliance plan or approved measurement method (or limited other exemptions, such as reporting by a Watermaster).

Any water rights holder with a diversion or diversions greater-than 10 acre-feet per year who have not filed forms for an extension of time, alternative compliance plan or measurement method are encouraged to contact Kirk Wilbur in the CCA office ASAP to discuss compliance options.

Failure to comply with the measurement requirements of the regulation could subject diverters to fines up to \$500/day.

### **Forest Service Seeks Input on Increasing NEPA Efficiency**

The U.S. Forest Service announced January 3 that it is proposing to revise its National Environmental Policy Act (NEPA) procedures "with the goal of increasing efficiency of environmental analysis." Specific feedback the agency is requesting

includes "processes and analysis requirements that can be modified, reduced, or eliminated in order to reduce time and cost" and "classes of actions that are unlikely...to have significant impacts and therefore should be categorically excluded from NEPA's environmental assessment and environmental impact statement requirements."

The move to streamline NEPA for US Forest Service projects comes on the heels of a similar commitment to streamline the NEPA process made by the Bureau of Land Management in late August 2017.

The proposed revisions should be welcome news to Forest Service permittees; at a California Public Lands Council meeting held in Susanville last August, NEPA-related concerns were among the most common concerns identified by permittees and agency personnel alike, especially failure to complete NEPA on vacant allotments.

The Forest Service is accepting initial feedback on how to improve NEPA efficiency through February 2. CCA members with Forest Service permits are strongly encouraged to provide comments, which can be submitted [here](#). CCA staff will also provide comments prior to the deadline.

For more information, contact Kirk Wilbur in the CCA office.

## **President Trump Signs Comprehensive Tax Reform Legislation**

On the morning of December 22, 2017, President Donald Trump signed comprehensive tax reform legislation better known as the Tax Cuts and Jobs Act. The legislation was debated intensely by both the House of Representatives and the Senate ultimately leading to a conference report which represented a negotiated deal between both chambers.

Major provisions of the bill include:

- **Death Tax-** The death tax exclusion is doubled to \$10 million for individuals and \$20 million for couples beginning in 2018. Full step-up continues as is. The exemption is also indexed to inflation which is currently rated at \$5.49 million per individual.
- **Bonus Depreciation-** 100% bonus depreciation is allowed on all new farm assets for property placed in service after September 27, 2017 and before January 1, 2023. After 2022, this percentage reduces by 20% each year until bonus depreciation is eliminated.
- **Section 170-** Section 179 is bumped to \$1 million effective for taxable years beginning in 2018 and is indexed to inflation. The phase-out begins at \$2.5 million up from the current \$2 million level.
- **Cash Accounting-** Increases the eligibility threshold from \$5 million to \$25 million. It includes farm corporations, farm partnerships with a corporate

partner and family farm corporations.

- **Interest Deductions-** Interest expense is allowed for all farm operations with gross receipts under \$25 million. If revenues exceed this amount, producers can continue deducting interest capped at 30% of modified income. Language was maintained that will allow farming operations with gross receipts in excess of \$25 million to elect to deduct 100% of interest expense, and in exchange will be forced to use longer depreciation lives/ cannot take bonus depreciation.
- **Section 1031-** Like-kind exchanges are restricted to real property
- **Net Operating Loss (NOL)-** Farm net operating losses are allowed to be carried back for 2 years instead of the current 5 years. Also, you can only offset an NOL carryforward against 80% of your income effective immediately.
- **SALT-** State, local and foreign property taxes and state and local sales taxes are allowed as a deduction only when paid or accrued in carrying on a trade or business. For example, in the case of property taxes, an individual may deduct such items only if these taxes were imposed on business assets. Under the agreement, individual taxpayers can still claim an itemized deduction up to \$10,000 for personal SALT taxes.

Although the bill is far from perfect, it did bring about needed reform. The enactment of the Tax Cuts and Jobs Act is likely a first step in a series of continued debates that will occur over the coming years to improve and refine the bill. Many of the provisions will also expire at a point in the future forcing Congress to act and continue the debate on further tax reform, including a full repeal of the estate tax, for another day.

### **Livestock Haulers Granted 90-day Waiver from Electronic Log Book Requirement**

On November 20 the U.S. Department of Transportation, Federal Motor Carrier Safety Administration (FMCSA) held a briefing to announce a 90-day waiver for those hauling agricultural commodities, including livestock, to comply with federal hours of service rules using an electronic logging device (ELD). The ELD mandate is set to take effect December 18 but for those hauling agricultural commodities and livestock the implementation of the regulation has been delayed until March 18, 2018.

The 90-day waiver will provide additional time for FMCSA to consider the petition submitted by the National Cattlemen's Beef Association (NCBA), the National Pork Producers Council and other national livestock organizations requesting a waiver to exempt livestock haulers from having to comply with the ELD requirement. The petition was published in the in the *Federal Register* on October 31 and the FMCSA

provided 30 days for impacted stakeholders to provide comments. NCBA and CCA submitted detailed comments in support of the petition and CCA collected over 100 letters from ranchers during the 2017 Annual Convention that were also sent to FMCSA prior to the comment deadline.

California law recognizes federal hours of service regulations for interstate commerce, however it has a separate and distinct hours of service schedule for commercial travel occurring intrastate. Recently the federal hours of service regulations were amended to account for a 150 air mile exemption for those hauling agricultural commodities. In essence, the allowed 14 hours of on-duty time and the 11 hours of drive time would not start until the operator has traveled outside the 150 air mile radius. This exemption can begin being used now with paper log books.

FMCSA also recently released the following guidance clarifying 1) the limited 90-day exemption on the transportation of agricultural commodities, 2) the definition of a "source" to begin the 150 air mile exemption and 3) the use of a vehicle for personal conveyance as it relates to "on-duty" time. Links to each document can be found below.

**Limited 90-Day Waiver for the Transportation of Agricultural Commodities [here](#)**

*\*FMCSA suggests printing this document and keeping it in the cab of your truck in the event you are questioned by law enforcement\**

**Proposed Regulatory Guidance Concerning the Transportation of Agricultural Commodities [here](#)**

**Proposed Regulatory Guidance Concerning the Use of a Commercial Motor Vehicle for Personal Conveyance [here](#)**

It is also important to note that the use of an ELD is not required for those operating in intrastate commerce. The mandate only applies to those operating in interstate commerce. A driver's hours of service can still be recorded on approved paper logbooks for intrastate shipments.

Please stay tuned for further updates. If you have any immediate questions, please do not hesitate to contact Justin Oldfield in the CCA office.

**Registration Now Open for Quincy and Loyalton Cattlemen's Clinics**

Sponsored by the UC Cooperative Extension, Beef Checkoff and the Beef Cattle Improvement Association, Cattlemen's Clinic \$15 early registration and \$10 student registration, including lunch, is now open.

Scheduled for January 19 in Loyalton and January 20 in Quincy, covered topics include Best Management Practices at the Ranch to Promote Water Quality, Ranching

with Predators: Tools and Impacts, A Practical Approach to Herd Health and BQA and many more.

To register, click [here](#).

For a full agenda or for any questions, contact Tracy Schohr at (916) 716-2643 or [tk schohr@ucarn.edu](mailto:tk schohr@ucarn.edu).

### **Public Lands Council Conference Scholarships Now Available**

The Public Lands Council is offering two Nick Theos scholarships of \$250, complimentary hotel accommodations on Capitol Hill and complimentary conference registration to attend the annual Spring Legislative Conference in Washington, D.C., April 10-12, 2018.

In an effort to get more college students involved with PLC issues and provide them with an unforgettable learning experience, PLC offers this chance to meet members of Congress and their staff, attend meetings with agency officials and hear from the leading experts and influencers in the industry. Scholars will be able to actively participate in our efforts to promote and support public lands grazing in our nation's capital.

Applicants should have a demonstrated interest in public lands ranching. PLC will provide hotel rooms and registration fees. Sponsorships to help cover travel costs are encouraged. If selected, applicants should be prepared to give short remarks to attendees during lunch on Tuesday, March 24.

For questions or to apply, fill out the online application [here](#) by February 9, or contact Allie Nelson, 406-231-3328, [anelson@beef.org](mailto:anelson@beef.org).