



The Cotton Chronicle

1785 N. Fine Avenue, Fresno, CA 93727 • Telephone: (559) 252-0684 • Fax: (559) 252-0551

www.ccgga.org

October 2017

Volume 27 Issue 10

Industry Calendar

November 15
Joint Steering/
Executive Committee
Meeting—
Fresno

Visit web calendar
for details

CCGGA Staff

Roger A. Isom
President/CEO
roger@ccgga.org

Christopher McGlothlin
Director of Technical
Services
chris@ccgga.org

Jodi Raley
Director of Regulatory
Affairs
jodi@ccgga.org

Shana Colby
Administrative Assistant
shana@ccgga.org

Agriculture to Receive Significant Money from Cap & Trade

This month, the Governor signed the Cap and Trade Expenditure Plan bills, AB 109 and AB 134, which set forth how money collected from Cap and Trade would be spent. Agriculture will receive \$300 million in this plan during this fiscal year. The money will be allocated as follows:

- \$60 million to food processors to reduce GHG emissions
- \$6 million for renewable energy research and development in agriculture
- \$99 million in dairy digester research and development and alternative manure management
- \$135 million to reduce emissions from agricultural pumps, tractors, harvesters, and other equipment

The Association played a critical role in creating this funding, including being involved in high level meetings during the negotiations of the Cap & Trade legislation. While the Association's involvement was necessitated by the need to continue the Cap & Trade program for food processors, we saw this as an opportunity to re-direct this funding towards projects that actually reduce greenhouse gas emissions, yet help our farms, cotton gins, and tree nut hullers and processors address critical air quality issues through the use of incentives. With a potential mandatory farm equipment replacement regulation looming in the not so distant future, it was important to seize the opportunity while it was there. Stay tuned for details on when this money is available and how to receive this funding.

Cal/OSHA Penalties Increase Substantially

As of September 14th, financial penalties for Cal/OSHA violations have substantially increased. As a result of federal changes in 2016, Cal/OSHA

had to increase their penalties. Those changes are as follows:

- **Maximum penalty for general and regulatory violations has increased from \$7,000 to \$12,471**
- **Maximum penalty for willful violations has increased from \$5,000 to \$8,908**
- **Maximum penalty for willful and repeat violations has increase from \$70,000 to \$124,709**
- **Maximum penalties for serious tower crane and carcinogen violations has changed from \$2,000 to a maximum of \$25,000**

Serious violations will remain at \$25,000, but these revisions will change every January 1st, as they now have a built-in cost of living increase. These new penalties are now in effect!

Revised Final California Cotton Acreage

Since last month's reported state cotton acreage, there have been some acreage shifts in the statewide cotton acreage for 2017 as reported by the Pink Bollworm Program under the California Department of Food and Agriculture. The shift is primarily moving previously reported upland acreage to pima in Kings, Fresno and Merced Counties totaling around 4,000 acres. Total cotton acreage changed only a few acres from what was reported last month. Final acreage numbers for California put Pima at 208,690 acres and Upland at 86,490 acres for a total of 295,180 acres statewide. This revised acreage represents a 37% increase in Pima acreage and a 30% increase in upland acreage as compared to

Welcome New Associate Members!

**CliftonLarsonAllen
Powell & Spafford Inc.
K·Coe Isom**

2016. This represents a 35% increase in overall cotton acreage for 2017.

<u>San Joaquin Valley</u>	Pima	Upland	TOTAL
Kern	27,815	2,875	30,690
Kings	80,845	29,255	110,110
Tulare	5,265	15,565	20,830
Fresno	69,245	5,100	74,345
Madera	495	355	850
Merced	25,025	20,835	45,860
San Joaquin	0	0	0
Subtotal =	208,690	73,990	282,680
<u>Southern California</u>			
Imperial	0	3,090	3,090
Riverside	0	5,385	5,385
Subtotal =		8,475	8,475
<u>Sacramento Valley</u>			
Sutter	0	450	450
Colusa	0	350	350
Glenn	0	3,000	3,000
Tehama	0	225	225
Subtotal =		4,025	4,025
	Pima	Upland	TOTAL
Total =	208,690	86,490	295,180

2017 Legislative Session Review

With a two-thirds majority in the Assembly and Senate, and all statewide offices, the Democrats could have had their way with business in 2017. And while there were some bad bills passed, it was not as bad as expected. In terms of legislation that the Association opposed, here are the key bills:

AB 5: (Gonzalez-Fletcher): Would require an employer with 10 or more employees to offer additional hours of work to an existing nonexempt employee before hiring an additional employee or subcontractor. **Outcome:** Held in the Assembly.

AB 450 (Chiu): Would impose various requirements on employers with regard to federal immigration agency enforcement actions by prohibiting an employer or other person acting on the employer’s behalf from providing voluntary consent to an immigration enforcement agent to enter unless the agent provides a judicial warrant. **Outcome:** Passed out of the Assembly 53-22; Passed out of the Senate 27-10. Signed by Governor.

SB 49 (De Leon): Would require state agencies to moni-

tor federal laws and regulations and require those agencies to enact new regulations to maintain and enforce any changes to federal law pertaining to air, water, protected species and worker health and safety. **Outcome:** Held in the Assembly.

SB 100 (De Leon): Current law declares legislative intent in implementing the California Renewables Portfolio Standard Program requiring the PUC is to attain, among other targets for sale of eligible renewable resources, the target of 50% of total retail sales of electricity by December 31, 2030. This bill would revise the legislative findings and declarations to state that the goal of the program is to achieve that 50% renewable resources target by December 31, 2026, achieve a 60% target by December 31, 2030, and achieve a 100% target by December 31, 2045. **Outcome:** Held in Assembly.

SB 775 (Wieckowski): Would extend the California Global Warming Solutions Act of 2006 which designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. Would eliminate the offset program under the current Cap & Trade Program and would prohibit any future offset programs thus requiring covered entities to reduce emissions. **Outcome:** Held in Senate.

AB 378 (Garcia, Christina): Would give CARB authority to regulate criteria pollutants through the Cap and Trade Program. Would eliminate free allowances for facilities that do not meet air pollution emission standards and require CARB, when it adopts regulations to achieve GHG emission reductions beyond the 2020 statewide limit, to consider social costs and prioritize direct emission reductions at facilities. **Outcome:** Held in the Assembly.

SB 1 (Beall): Would create the Road Maintenance and Rehabilitation Program to address deferred maintenance on the state highway system and the local road system. To fund this program the following would occur:

- Increases the excise tax on gasoline by \$0.12 per gallon, starting November 1, 2017.
- Increases the excise tax on diesel fuel by \$0.20 per gallon, starting November 1, 2017.
- Increases the sales tax on diesel fuels by an additional 4% increment, starting November 1, 2017.
- Creates a new annual Transportation Improvement Fee (TIF), starting January 1, 2018, based on the market value of the vehicle. Creates the Road Improvement Fee of \$100

per vehicles for Zero-Emission Vehicles (ZEVs), as defined, starting in 2020 .

Outcome: Passed out of the Assembly 54-26; Passed out of the Senate 27-11; Chaptered April 30, 2017.

As for those the Association supported, here is a list of the most important:

AB 109 (Ting) & AB 134 (Committee on Budget) Budget Act of 2017

Summary: Allocated funding from Cap & Trade for emission reductions including \$300 million to agriculture:

- \$99 million for methane reduction programs, including dairy digesters research and development and alternative manure management programs;
- \$60 million for energy efficiency funding for agricultural entities, including food processors;
- \$6 million for renewable energy projects related to agriculture;
- \$135 million for agricultural diesel replacement and upgrades

Outcome: Passed out of the Assembly; Passed out of the Senate; Chaptered September 16, 2017.

AB 313 (Gray): Would establish a Water Rights Division within the Office of Administrative Hearings. The bill would deem a decision made by an administrative law judge in the Division to be a recommendation and not final until accepted by the Board, as prescribed. The bill would authorize an appeal of the Board's decision on the recommendation or of the adoption of the recommendation due to the failure to act to a superior court. Would authorize the Board to issue a complaint seeking an order, instead of directly issuing the order, requiring a person to cease and desist from diverting or using water, other than as authorized. The bill would require that the complaint be served by personal notice or certified mail and inform the person that the person may request a hearing conducted by the Water Rights Division of the Office of Administrative Hearings. **Outcome:** Passed out of the Assembly 54-13; Passed out of the Senate 26-7. It is on the Governor's Desk.

AB 398 (Garcia, Eduardo): Extends Current Cap & Trade industry assistance levels at 100% for the life of the Program to help food processors affordably comply with California's GHG reduction mandate and establishes a price ceiling to contain the cost of the sale of allowances purchased by food processors to meet their compliance obligations and limit the increased cost of the Cap and Trade

Program to the agricultural industry and consumers. Extends the Manufacturing Sales and Use Tax Exemption for an additional eight years and expands its coverage to include equipment used in for renewable energy production, storage and distribution. **Outcome:** Passed out of the Assembly 55-22; Passed out of the Senate 28-12; Chaptered July 25, 2017.

ARB Seeks Out Pathways to Reduce Emissions

As we, look down the pipeline of regulations to come from the **California Air Resources Board (CARB)** it may be quite daunting. We have the Forklift Rule, Transportation Refrigeration Unit (TRU) rule, the Farm Equipment Rule (aka Tractor Rule) and the truck and bus rule. But this does not seem to be enough. CARB held a public workshop in Sacramento seeking out additional pathways for freight facilities (airports, seaports, railyards, and warehouse/distribution centers) to further reduce emissions. CARB staff were instructed at a March 2017 board meeting to return to the board with concepts for an indirect source rule. This simply cannot happen. Before we are able to see the reductions from the programs that are currently in place, CARB is evaluating additional areas to regulate emission reductions. The **Association** was represented by **Director of Regulatory Affairs Jodi Raley** at the workshop. Raley probed CARB staff on what the qualifications and criteria were being outlined to define a "warehouse and distribution center". CARB currently is identifying nearly 50,000 facilities in the state that could fit this definition, it is the Association's push to exclude agricultural facilities from this definition. CARB's plan is to conduct another survey effort for applicable facilities. Raley made it clear to the staff that our Association remains opposed to applying additional regulations before we even begin to see the reductions that industry is already having to comply with.

Chlorpyrifos under Pressure from DPR

The California Department of Pesticide Regulation (DPR) released interim recommended permit conditions for chlorpyrifos (Lorsban). These conditions go above and beyond what was previously required of the Restricted Use Material permit conditions. In some instances the setbacks for various applications were expanded by **100 feet!** These overreaching conditions pose a threat to proper insect management and may render the product unusable in some cases. With these new conditions in

California Cotton Ginners and Growers Associations
1785 N. Fine Avenue
Fresno, CA 93727

PRESORTED STANDARD
US POSTAGE PAID
FRESNO, CA
PERMIT NO. 2509

www.ccgga.org

place, DPR is continuing their review of the product to quality as a Toxic Air Containment. The Association submitted comments in opposition to any further regulations of this product and will be pursuing every opportunity to engage with DPR.

Silverleaf Whitefly Monitoring Report

As the season continues, it is important to remain vigilant against invasive cotton insect pests. The California Department of Food and Agriculture's Pink Bollworm Program has released their latest Silverleaf Whitefly Report from August 14, 2017 to September 14, 2017. You can find the latest report posted to our website. Please use and share this report to maintain the industry effort to eliminate sticky cotton!

Association Works for Electric ATV Incentive Program

Last month the Association, in working with the San Joaquin Valley Air Pollution Control District (SJVAPCD), solicited potential participants for an Electric ATV Incentive Program, in which the SJVAPCD would pay 75% of the cost of an electric ATV to replace old fuel fired ATVs. The list of participants was submitted with the District's application for funding and the funds are anticipated to be approved next month with the hopes of issuing vouchers for

the replacements at the beginning of 2018. The Association continues to see this project through. **President/CEO Roger Isom, Director of Technical Services Chris McGlothlin and Director of Regulatory Affairs Jodi Raley** met with an ATV dealer



to learn more about how electric ATVs operate and the feasibility of electric equipment on a farming operation. After lengthy discussion and a demo, it seems incredibly promising! We will continue to be engaged in seeing this program come to fruition so stay tuned!

to learn more about how electric ATVs operate and the feasibility of electric equipment on a farming operation. After lengthy discussion and a demo, it seems incredibly promising! We will continue to be engaged in seeing this program come to fruition so stay tuned!

