

OREGON WHEAT GROWERS LEAGUE

Over 90 Years Strong

Year in Review

Legislative Summary

Budget/Financial Resources

2017 OWGL Priorities

Membership Profile

Intentionally left blank

2017-2018

ANNUAL REPORT

**OREGON
WHEAT**



2018 LEADERSHIP TEAM



Brent Cheyne
President



Alan von Borstel
Vice President



Clint Carlson
Secretary/Treasurer



Dana Tuckness
Past President

~ Cover photo: Liz Cranston, Sherman County ~

YEAR IN REVIEW

Blake Rowe
CEO, Oregon Wheat

2017/18 - Let's Work All the Issues at Once

I have now been working for Oregon Wheat for over seven years and last year stands out as the year having the most active issues. We have had years with crop issues like drought or low falling numbers, years with market disruptions, years where we focused on working for a new farm bill, years where we battled state legislative issues or local initiatives, but I don't recall a year where we had to engage as many different concerns and efforts in a single year as last year. As I look

2018 BOARD OF DIRECTORS

County Presidents

- Gilliam County.....Clint Carlson
- Klamath County.....Rodney Cheyne
- Malheur County.....Ted Buhrig
- Morrow County.....Brent Martin
- Sherman County.....Ryan Thompson
- Umatilla County.....Ben Maney
- Union/Baker Counties.....Wade Bingaman
- Wallowa County.....Kurt Melville
- Wasco County.....Josh Duling
- N. Willamette Valley.....Tom Duyck
- S. Willamette Valley.....Collin Crocker
- Ex-Officio.....Dan Steiner

back at the year it seems like our work fell into three broad categories: major issues that were active through the entire year; efforts that come up at regular intervals; and a handful of issues that surfaced, were worked intensively, and then resolved or completed.

The **2018 Farm Bill** (we hope it will be 2018) was the top issue in the "entire year" category, as we engaged in months of work with the National Association of Wheat Growers (NAWG) and our Congressional delegation to develop and communicate our needs and priorities for the next Farm Bill. The summer and fall of 2017 were dominated by many Senate and House Ag Committee hearings, on different parts of the Farm Bill programs, and on a fly-in to DC for wheat states to lobby Ag committee members and staffers. Progress on the bill was interrupted by Congressional efforts to move a major federal tax reform package in November and December and then by budget and appropriation issues in early 2018. The House Ag Committee took the lead and released its

draft of the bill in April. The House version included some major, and controversial, changes in conservation and nutrition programs. After failing to pass the House Floor in May, the House finally passed its version by a narrow 213-211 vote on June 21st. The Senate Ag Committee took a less controversial approach with its version of the new farm bill, which passed on the Senate Floor by a vote of 86-11 on June 28th. As our fiscal year ended, we were waiting to hear who would be appointed to the Conference Committee to reconcile the two bills. We believe that top our priorities, including crop insurance, shallow loss programs, working farm conservation programs, research funding, and export promotion will be maintained or improved in the final bill.

The second big issue area that got attention through the whole year was **trade policy**, which included the renegotiation of the North American Free Trade Agreement (NAFTA), the fallout from the US's withdrawal from the Trans-Pacific Partnership (TPP), the continuing advancement of the World Trade Organization (WTO) cases against China's domestic support programs and their violations of their quotas for importing wheat and other grains, the renegotiation of the US-Korea Free Trade Agreement (KORUS), the national security reviews (Section 232) for steel and aluminum, and the intellectual property protection investigation (Section 301) targeted at China.

This whole area was challenging to all of agriculture because of the Trump Administration's determination

to aggressively tackle so many different areas and agreements at the same time. Ag interest groups frequently found themselves reacting to unexpected policy decisions announced by Presidential "tweet" rather than by being engaged in the more measured policy development process of previous Administrations. Letters to the Administration and Congress warning of serious consequences for farmers, tense conversations with our export customers, and playing catch-up seemed to become the normal "modus operandi" for the year.



A couple of issues seemed to be active at the State level through the whole year: the Legislature's push to develop **Carbon Cap-and-Trade legislation** ("Cap and Invest" or "Clean Energy Jobs" for those wanting more politically appealing titles) and OR-OSHA's process to adopt stricter standards for **Worker Protection Standards** and worker housing protections when applying pesticides.

Countless committee meetings, task forces, hearings, and requests for comments and input were largely frustrating for most ag interests as it seemed that Legislative leaders and agency personnel simply weren't listening to the concerns of growers.

Lest anyone think that nothing else was going on during the year, there were plenty of other issues that received attention. At the national level, a major **federal tax reform** package was unveiled last November, quickly passed through Congress over many partisan protests, and signed into law before the end of December. NAWG did a great job of keeping us informed about what was in the package, which allowed us to engage with our delegation on many issues. After passage, we



pulled together comparisons of key provisions in the old law to provisions in the reform legislation for our growers.

We were also active at the NAWG level in a discussion of **dues policy for NAWG** member states. League President Brent Cheyne has been a leading voice on a Special NAWG Bylaws Review Committee that has been working on NAWG's policies. Dues issues are never easy, but equitable policies are critical to successful organizations.

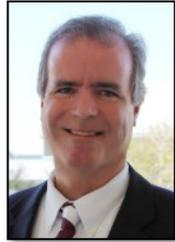
Closer to home, the League engaged a wide variety of issues on behalf of our members. Two huge holes were created at Oregon State University (OSU) during the year by **Dr. Mike Flowers decision to leave his Extension Cereals Specialist position** last August for a new job at Limagrain Cereal Seeds and by **College of Agricultural Sciences (CAS) Dean Dan Arp's decision to retire** at the end of the 2017/18 school year. League and Commission leaders met with Dean Arp and other CAS leaders last August to discuss the urgency of refilling the Extension cereals position, the search process, the structure of the position, and how to keep the wheat variety trials going for this year without the leadership that Dr. Flowers usually provided. Thanks to strong support from Dean Arp and others at CAS, involvement by our grower leaders, and great cooperation from other CAS staff, we were successful on all fronts; the search process resulted in the hiring of Dr. Ryan Graebner as the new Extension cereals specialist (*pictured, right*).

The position was restructured and moved to be based out of the Columbia Basin Agricultural



Research Center in Pendleton, and the variety trial project went forward without any problems.

The search for a new CAS Dean was a more extended effort. Wheat Commissioner and past League President Jerry Marguth represented the wheat industry on the search committee. Last spring, following a national search, OSU brought four candidates to visit the OSU campus and meet with stakeholders, before narrowing the field to two finalists. In early August, OSU announced that Dr. Alan Sams (*right*) had been selected as the new CAS Dean and that he would be starting in the new position later in the fall of 2018. Dr. Sams is well qualified, and we hope he will continue the history of great leadership at the CAS.



Year-end reviews tend to focus on the big issues like those mentioned above, often overlooking the basic work that makes the organization run and provides services to the members. Both the League and Commission are blessed with good staff who quietly and diligently take care of all the details that we often take for granted. Processing payments and paying bills, making sure the financials are current and correct, taking care of all our meeting arrangements, flights, hotels, and appointments when we travel, contents and layout for our newsletters and the Oregon Wheat magazine, meeting minutes, donations and sponsors for our events, the website and social media posts, and, perhaps most important, taking care of all the things your CEO doesn't get to or flat out forgets.

Most of the challenges we faced in the past year will continue in some form into the new year. We'll continue

to work the 2018 Farm Bill in Congress and advocate for trade and tariff policies that don't impact our markets. We'll work to support good candidates in the 2018 elections and prepare for a challenging 2019 Oregon Legislative session. Hopefully we won't need to convene any more search committees.

Regardless of what comes, we will enter the year in sound financial condition. The League and Commission continued to operate conservatively during the year, both ending with positive net income and increases

in reserves. Membership continues to show slight declines, probably due to retirements and consolidation of farms, but we are seeing some new and younger farmers beginning to step into leadership roles. Finally, we have a solid Board of Directors and Commission, an excellent lobby team, good partnerships with other ag and natural resource interests and good connections and communications with our Congressional delegation.

It continues to be my privilege and honor to serve as your CEO and I look forward to the year ahead.

BUDGET/FINANCIAL RESOURCES

The financial condition of the League improved in 2017/18, with final net income of \$38,000, compared to budgeted net income of \$6,000, after accounting for depreciation (non-cash charge).

Highlights of the financial results include:

- ◇ Total revenues were \$554,000, which was \$10,000 higher than budget.
- ◇ Grower and affiliate membership dues were on budget, but associate (business) member dues were \$3,000 below budget. This was offset by increases in other income and Local/County fundraising;
- ◇ Personnel costs were 107% of budget due to overtime expenses, and higher than estimated costs for retirement and benefits;
- ◇ Operating costs were 16% under budget overall, but we did experi-

ence some higher costs for building maintenance, leased office equipment, and equipment maintenance, some of which was shifted to interest expense and depreciation;

- ◇ County meeting and membership development costs were both well under budget;
- ◇ Tri-State Convention costs were 80% of budget due to savings on hotel costs;
- ◇ Overall magazine and newsletter costs were \$5,000 under budget as we continued to shift to electronic delivery and enjoyed expanded advertising revenues;
- ◇ In-State travel costs were \$6,000 under budget, but Out-of-State travel costs were \$10,000 over budget, due to additional travel to Washington, DC for Farm Bill lobbying;
- ◇ Public education expenses were 95% of budget;
- ◇ Total expenses including interest were \$515,000, under budget by \$23,000.

LEGISLATIVE SUMMARY



Amanda Dalton
Dalton Advocacy
OWGL Contract Lobbyist

2018 Interim

There has been no shortage of workgroups and interim activity in 2018. Ranging from Cap and Trade to rulemaking implementing the new Pay Equity law, the OR Wheat Growers League policy team has kept busy. Below is a brief summary of major issues of interest:

Cap & Trade

After spending last year, and the short February Session, debating a potential Cap & Trade style carbon pricing policy for the State of Oregon, the conversation has continued well into the 2018 interim. The legislative effort died in the 2018 Session, only to remain a focus for Democrat leadership for 2019. As such, Senate President Peter Courtney and Speaker Tina Kotek are currently Co-Chairing a Joint Interim Committee on Carbon Reduction. The 14-member bi-partisan Committee has met four times since its appointment in May. The Committee will meet three more times before the end of the year and is expected to make recommendations to the 2019 Legislature.

OWGL, as part of the broader ag community, continues to communicate with decision makers that California’s Cap and Trade model does not make sense for Oregon and that if Ore-



gon does pursue a state-specific model for any Cap-and-Trade or carbon reduction policy, it must take into consideration: Autonomy, On-Farm Costs, Equity in Access (all segments of agriculture should have access to incentives and offset programs) and the Financial Impact on agricultural production.

Paid Family Leave

Sen. Kathleen Taylor-D, Chair of Senate Workforce and Rep. Jennifer Williamson-D, House Majority Leader have convened a group of stakeholders to discuss a Paid Family Leave program for Oregon. Proponents are hoping to present legislation for consideration to the 2019 Legislature. The employer community has 3 representatives on this workgroup, including Amanda Dalton, and the unions/worker advocates have 3. Other participating legislators include Sen. Tim Knopp-R, Rep. John Lively-D and Rep. Daniel Bonham-R.

OregonSaves Update

Employers with 20 to 49 employees will need to register or certify they are exempt from the program by Dec. 15, 2018. This is part of the 2-year phase in of the new statewide retirement mandate. Future Enrollment Dates: 10 to 19 employees – May 15, 2019; 5 to 9 employees – Nov. 15, 2019 and 4 or fewer employees – May 15, 2020.

Joint Committee on Student Success

Senate President Peter Courtney-D and Speaker Tina Kotek-D convened the Joint Committee on Student Success and embarked on a “state-wide listening tour.” The bipartisan group of 14-legislators will be taking public testimony from around Oregon to help formulate a plan to improve public education and provide adequate funding for schools. Legislative leadership charged the Committee with exploring the best practices employed in Oregon’s most successful schools and address the gaps that are limiting student success in other schools.

Pay Equity Rulemaking

Rulemaking on the 2017 bill began in late Summer of 2018. Amanda serves on the Rulemaking Advisory Committee and is one of three employer advocates at the table. The new law is set to take effect January 1, 2019.

Statewide Transit Tax

The new statewide transit tax which was part of the 2017 Transportation Package (HB 2017) became effective July 1, 2018. Among other provisions, HB 2017 required all employers to withhold, report and remit one-tenth of one percent (.001) of wages paid to their employees to the Department of Revenue (DOR). Employees include Oregon residents and non-residents who perform services in Oregon. DOR is setting up employer ‘statewide transit tax’ accounts. Employers will need to remit the funds withheld quarterly, or annually for agricultural employers.

Minimum Wage Increase – Next Step Increase

July 1, 2018 brought another increase in the Oregon minimum wage. The 2016 Legislature established a series of annual minimum wage rate increases that began July 1, 2016 and continue through July 1, 2022. There are 3 different regions. View region map: <http://bit.ly/ORMinWageMap>. Beginning July 1, 2023, the minimum wage rate is indexed to inflation (CPI).

Date	Standard	Portland Metro	Nonurban Counties
July 1, 2018	\$10.75	\$12.00	\$10.50
July 1, 2019	\$11.25	\$12.50	\$11.00
July 1, 2020	\$12.00	\$13.25	\$11.50
July 1, 2021	\$12.75	\$14.00	\$12.00
July 1, 2022	\$13.50	\$14.75	\$12.50
July 1, 2023	CPI Increase	\$1.25 over the Standard Wage Rate	\$1.00 less the Standard Wage Rate

2018 Election

2018 is an election year with all 60 members of the Oregon House on the November 6th General Election ballot and 15 members of the 30-member Senate. In addition, the



Governor's seat will again be on the ballot due to the appointment/election cycle that brought Governor Brown-D into office (resignation of Governor John Kitzhaber-D). Key swing races will help determine the strength of the majorities, not necessarily which party controls the Chambers. Democrats are expected to maintain control of the House and the Senate. The question becomes whether or not the House Democrats will reach 36 caucus members and the Senate Democrats 18 – granting both a “super majority” or enough votes to pass taxes without any Republican votes.

In addition to candidates, voters will see five ballot measures on the General Election Ballot. They include:

Ballot Measure 102 – Housing

The Oregon Legislature referred this measure to the ballot to allow more flexibility in the use of proceeds from government bonds to build and purchase affordable housing. Currently municipalities are required to own the projects they fund with bonds. This measure would allow local bond dollars to be used in conjunction with other private or federal dollars when used on affordable housing projects.

Ballot Measure 103 – Constitutional Amendment: “Keep Groceries Tax Free”

This measure would amend the constitution to prohibit new taxes on the sale of groceries. Groceries is defined as "raw or processed food or beverages intended for human consumption," excluding alcohol, tobacco, and marijuana.



Ballot Measure 104 – Constitutional Amendment: “A Tax is a Tax”

The measure would clarify that the constitutional requirement of 3/5ths, or a supermajority vote, are required for all tax and fee votes. Due to a recent court case, Oregon's legislative counsel has made an interpretation that actions like reducing existing tax credits or raising fees are not tax increases and therefore can be passed with a simple majority vote instead of requiring a supermajority.

Ballot Measure 105 – Repeal of Oregon's Sanctuary City Law

The measure would repeal a state law which forbids state agencies, including law enforcement, from using state resources to detect or apprehend persons whose only violation of the law is that of federal immigration law. Oregon has been a “sanctuary state” for over 30 years.

Ballot Measure 106 – Constitutional Amendment Restricting Public Funds for Abortion

This measure would prohibit public funds from being spent on abortion related services.

In addition to the Statewide efforts, voters in the City of Portland will vote on a local gross receipts tax:

City of Portland – Gross Receipts/ Green Tax

This local proposal would create a 1 percent tax on all Portland retailers with total annual revenue over 1 billion in revenue and over \$500,000 in revenue from sales within the City of Portland. The proposal would apply to approxi-

mately 120 companies and is expected to raise \$30 million annually for the Portland area. This proposal would fund green programs and energy efficiency with a focus on underserved communities. The measure would not be effected by BM 103, as it exempts all food that falls under the federal “SNAP” definition. View text: <http://bit.ly/2oDUUpCe>

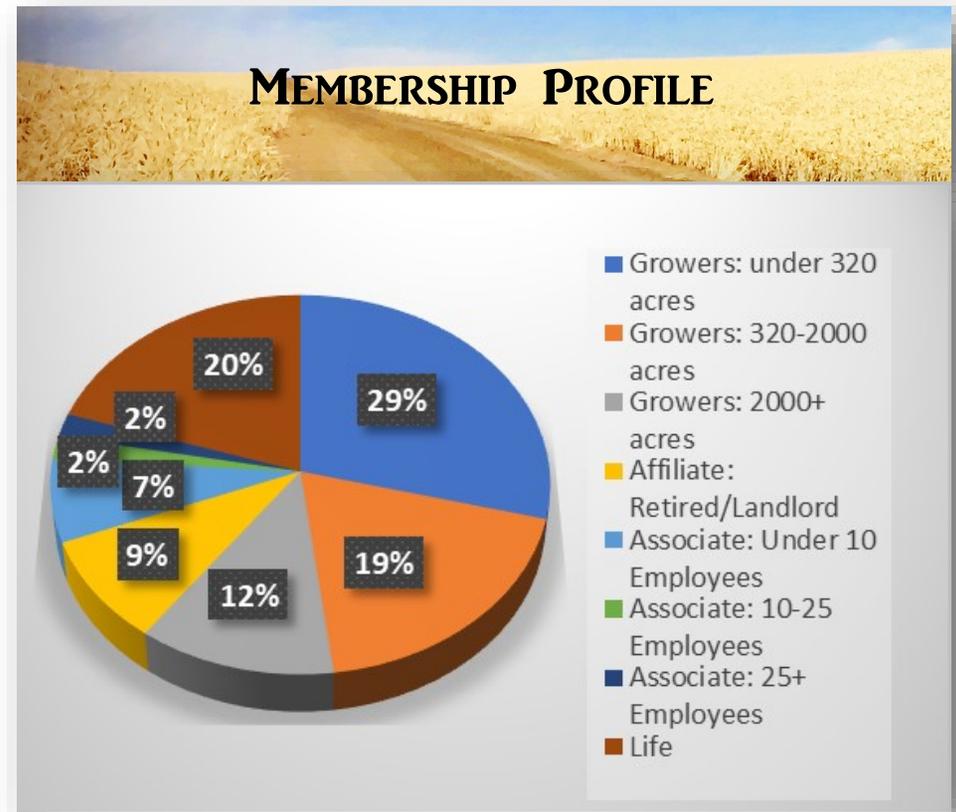
Looking Ahead - 2019

The 2019 Legislature will convene on January 22nd and run through June 30, 2019. Big picture issues are expected to be Revenue Reform and the 2019-21 Budget, Carbon Cap & Trade and Paid Family Leave.

OWGL anticipates attacks on grower's broader “toolbox” including efforts to regulate GMO/GE crops and limit grower's use and application of pesticides.

The 2009 agreement implementing the Pesticide Use Reporting System (PURS) will expire. What happens with PURS will be part of a larger debate on pesticides, including the scope and funding of the pesticide stewardship program, more detailed reporting of pesticide applications, access to use data, and possibly public notice of applications.

And finally, bans on neonics are expected to be re-introduced, as are efforts to ban the aerial application of pesticides on timber land.



OWGL PRIORITIES

Environment and Regulations

1. Insure that pesticide labels and application regulations are consistent with best practices and available scientific research.
 - a. Continue to support full funding from State General Fund for the State's pesticide programs; regulation, reporting, incident response, complaint processing and public information.
 - b. Support implementation, training, and grower education on new Worker Protection Standards.
2. Support Watershed Management Programs:
 - a. Ag Water Quality Management Plans including an adequate monitoring plan
 - b. Pesticide Stewardship Partnerships.
3. Oppose efforts to modify State pre-emption of seed/crop choice and pesticide regulation.
4. Monitor and react to proposed changes in labor, wage, and benefit requirements for employers that reduce the competitiveness of OR wheat growers in global markets.
5. Continue to expand the adopted definition of "sustainability" by including:
 - a. Method to measure/document sustainability
 - b. A database of sustainable wheat growing practices.
6. Monitor and react to other CAA, CWA, ESA, climate change, and invasive species issues.
7. Pursue changes in the wildlife damage and compensation programs to make them more effective in managing wildlife populations to reduce damage and to compensate growers when crop damage occurs.
8. Continue to monitor Carbon, Climate and Bio-fuels issues and react as needed. Seek opportunities to reward or

incentivize growers for reducing carbon emissions through agronomic practices.

9. Support the protection of a landowner's ability to take emergency action to protect their property from flood events and channel erosion.

Research & Technology

1. Advocate for increased funding for wheat research and extension programs:
 - a. Maintain staff positions in wheat research program
 - b. Promptly fill any open positions.
2. Work with OSU to accelerate development of suitable wheat varieties for all OR growing regions and conditions, especially new 2-gene Clearfield varieties, varieties with new herbicide tolerance traits, and varieties adapted to low-rainfall areas.
3. Aggressively lobby the 2018 state legislative session for research and extension funding.
4. Actively support increased federal funding for the ARS-Pendleton program.
5. Actively support the Umatilla and Morrow County Service District proposal to support Extension, CBARC, and HAR-EC.
6. Work with OSU to accelerate development of weed management control options in chem-fallow systems, especially for herbicide resistant weeds.

Farm Policy

1. Support development of the 2018 Farm Bill.
2. Support continued crop insurance premium subsidies, expanded conservation programs, and Title 1 shallow loss programs for growers.
3. Support increased funding for overseas marketing programs (MAP and FMD).
4. Support increased funding for ARS facilities and programs.

5. Work with RMA to address crop insurance questions from local areas:
 - a. Pursue adjustments the APH to provide more favorable treatment for growers who suffer fire and wildlife losses
 - b. Support more favorable treatment of falling number adjustments
 - c. Seek elimination of APH penalties for events when no crop insurance claim is filed.
6. Support the availability of electronic documents and signatures for RMA and FSA agreements.

Marketing

1. Support expansion of OWC marketing programs to the Asia and Latin America
2. Continue direct for funding projects through USW or Tri-State Wheat Commissions.

Transportation

1. Advocate for expanded transportation capacity to handle increasing shipments of all types of freight, while improving service and reducing costs for moving grain.
2. Continue to work for consistency between Oregon and neighboring states on regulatory issues, especially for farm vehicles.
3. Actively participate in MAP 21 process

to advance the Oregon transportation strategy.

4. Continue to support the operation and maintenance of the Columbia and Snake River Navigation System, including all its existing dams, locks, channels, and jetties. Actively engage with the Corps of Engineers, other commodity groups, shipping interests, and tribes in efforts to expand port facilities and barge and lock capacity of the System.
5. Actively support efforts to communicate the benefits of the dams on the Columbia and Snake River System;
 - a. With Board approval on a case-by-case basis provide support for maintaining other dams important to agriculture, irrigation, hydropower, flood control and navigation.
6. Support the restoration of container shipping service at the Port of Portland.

Public Education

1. Improve public education efforts on issues surrounding wheat, agriculture, food, and nutrition with scientific information.
2. Develop student video project with FFA to generate material for website and social media.
3. Update League historical reports to present date.



2016/17 PHOTO GALLERY



Intentionally left blank

Our photographers: B. Detrick (sunset), Jeri McElligott (aerial), Froese Farm (children), Bob Zemetra (snowy mt.), Morgan Orem (harvest), staff photo (wheat), Judy von Borstel (winter), and Kevin Duling (green wheat). Thank you!