

OREGON WHEAT GROWERS LEAGUE

FARMERS FEED THE WORLD

*YEAR IN REVIEW
BUDGET & FINANCIAL RESOURCES
LEGISLATIVE SUMMARY
MEMBERSHIP PROFILE
2019 OWGL PRIORITIES*



Annual
REPORT

2018-2019

**OREGON
WHEAT**

LEADERSHIP TEAM



Alan von Borstel
President



Clint Carlson
Vice President



Brent Cheyne
Past President



Ben Maney
**Secretary/
Treasurer**

COUNTY PRESIDENTS

Gilliam County
Klamath County
Malheur County
Morrow County
Sherman County
Umatilla County
Union/Baker Counties
Wallowa County
Wasco County
N. Willamette Valley
S. Willamette Valley

Deacon Heideman
Rodney Cheyne
Kevin Corn
Erin Heideman
Ryan Thompson
Emery Gentry
Wade Bingaman
Kurt Melville
Josh Duling
Tom Duyck
Collin Crocker

Ex-Officio

Dan Steiner



YEAR IN REVIEW

BLAKE ROWE, CEO

2018/19 PLEASE, FASTEN YOUR SEATBELTS.

To call last year a rollercoaster ride would be an understatement. From the first of the fiscal year in July 2018, to the end of June, the year was marked by a mix of good news and accomplishments, offset by a difficult state legislative session, wildfires, and continued trade issues. Every day, the officers, members, and staff of the Oregon Wheat Growers League and the Oregon Wheat Commission worked in every venue and policy arena to represent and advocate for the interests of our growers and our industry. I hope the following lookback at the year will provide a reminder of the importance of our organizations to the long-term success of our growers and the need for our growers to engage and support the work we do.

July 2018 - Secretary of Agriculture Sonny Perdue came to Oregon, visiting with a large group of wheat growers at the Martin Farm outside of Rufus, hearing about our issues and concerns, including the next Farm Bill, trade/tariff impacts, and low wheat prices. Catastrophic fires broke out in Wasco and Sherman Counties, making names like Substation, South Valley, and Long Hollow part of our daily conversations and resulting in the tragic death of John Ruby. Even before the fires were out, League officers, board members, staff and growers were successfully engaging our Congressional delegation, USDA agencies, ODA, and Governor Brown's office to obtain disaster declarations, secure recovery funding, and get permission to plant cover crops on burned areas without impacting a grower's ability to qualify as a summer fallow producer. Staff also engaged in discussions with Governor Brown's Carbon Policy Office, met with trade teams from South Korea and Japan, and attended the Latin American Buyers Conference.

August – Trade and fire recovery work dominated. Staff and growers hosted several different trade teams including groups from Taiwan, Japan, the Philippines, Indonesia, Singapore, and Vietnam, and a large group of USDA Foreign Ag Service staff from overseas embassies. We helped celebrate the first of several shipments of PNW soft white wheat to Yemen through the World Food Program; a very positive public event. The 2018 Market Facilitation Program (MFP) was announced to help compensate farmers for the impacts of agricultural tariffs implemented by China.

September – League President Cheyne and I spent several days in Washington, DC, along with National Association of Wheat Growers (NAWG) staff and other wheat state representatives, lobbying legislators on trade issues and our recommendations for reconciling the House and Senate versions of the 2018 Farm Bill. Important language to eliminate a crop insurance problem for summer fallow producers who use cover crops was kept in the bill. The US, Mexico, and Canada reached agreement on a new free trade pact (USMCA). We hosted another trade team from Japan, the final team for 2018. In the League and Commission offices, we started the processes to hire a new Director of Communications and a new Administrative Assistant (both openings due to staff retirements), respectively.

October – Umatilla and Gilliam County growers held their fall meetings and received presentations on the 2018 Farm Bill, markets, trade, and issues likely to be faced in the 2019 Legislative Session. Amanda Dalton and I made a similar presentation to the Hermiston Chamber of Commerce. Final program and speaker arrangements were made for the Tri-State Grain Growers Convention, with a special emphasis on wildfire related issues. Grower leaders and staff attended the joint NAWG/US Wheat Associates (USW) Fall Conference, with the program focusing on the Farm Bill and trade.

November – The Tri-State Grain Growers Convention, held in Portland, was the highlight of the month. The program focused on issues surrounding Oregon's wildfire system; what we learned from the 2018 fires, how to improve the system going forward, and what kind of fire safety training is needed for farm employees. The Morrow County growers held their Fall meeting.

December – The House-Senate Conference Committee released their Conference Report on HR 2, the Agriculture Improvement Act of 2018 (aka the 2018 Farm Bill). The bill was quickly passed by both chambers with strong bipartisan support and signed into law by President Trump a few days before Christmas. The Malheur County growers held their annual meeting and the details on the second tranche of MFP payments were released. Shanna Hamilton started work as the League's new Director of Communications.

January – With the Oregon legislative session looming, Amanda Dalton and I, along with many other ag and natural resource groups, spent many long hours reviewing and analyzing hundreds of legislative proposals and planning strategy for the session. Staff surveyed growers about the forms and amounts of energy used on their farms in preparation for the expected Carbon Cap and Trade bill. The Board continued its work on wildfire, meeting with farmers who had been impacted by the 2018 fires and with safety experts, debating what, if any, changes might be needed in worker training and to the wildfire protection system.

February – The federal government shutdown was resolved with the passage of FY 2019 appropriations bills, which included \$2 million of annual research funding for the Resilient Dryland Farming Initiative, most of which will flow to the ARS facility near Pendleton. Wasco and Sherman County growers held meetings and the Commission hosted their annual Grower Workshop in Portland. League and Commission leaders and staff traveled to Washington, DC for the NAWG/USW Winter Conference, meeting with our Congressional delegation and key federal agencies on trade policy and Farm Bill implementation issues. Brent Cheyne was elected to be the Secretary of NAWG, the first Oregon grower to serve as a NAWG officer since Karl Scronce served as NAWG President in 2009. The Oregon Legislature continued to grind through some of the nearly 3000 bills introduced in the Session. Cap and Trade, pesticides, and wildfire proposals were active.

March – The legislative session dominated the month. Amanda Dalton and I worked on a wide range of bills including the new gross receipts tax proposal, pesticides, and amendments to the Cap and Trade bill. Julie Nelson was hired as the new Administrative Assistant for the Commission.

April – The League held its annual Wheat Day at the Capital event in Salem. Board members and growers spent a day meeting with SAIF, OR-OSHA, and others, continuing their review of the wildfire protection system and the training available/needed for farmers and farm employees. A second day found growers meeting with legislators in the Capital, discussing the Cap and Trade legislation, pesticides, wildfire, research funding, and the impact of State requirements on farmers' ability to compete in global markets. Brent Cheyne and I traveled again to Washington DC to join other NAWG representatives for two intense days of lobbying legislators to ratify the USMCA Trade Agreement.

May – The focus on the Oregon Legislature continued. As the list of remaining issues began to shrink, more and more focus fell on HB 2020, the Cap and Trade bill. The gross receipts tax proposal passed. Trade negotiations with China took a major step backwards, with both countries threatening more tariffs. The extended impacts of the trade dispute with China prompted USDA to announce that there would be a 2019 MFP program to help compensate farmers for the continuing trade impacts. After 8 years as the shared CEO for the Commission and the League, I informed both groups that I planned to retire in early 2020. The search for a replacement will occur in the Fall of 2019.

June – The Oregon legislative session ground to a contentious and controversial end as the Senate Republicans staged a walkout, denying the Senate a quorum to block passage of HB 2020. Emotions ran high, barrels of editorial ink were spilled, and grassroots groups from rural Oregon held loud and passionate rallies in Salem opposing passage. When it became clear that there weren't 16 votes to pass HB 2020 in the Senate, the walkout ended. The Legislature returned and completed its work before the Constitutional Sine Die on June 30; passing the Paid Family and Medical Leave bill and the Clean Diesel bill, but without passing HB 2020. League representatives were on hand for Governor Brown's signing of SB 290, which provided important liability protection to volunteers who help fight wildfires on crop and rangelands. USDA reported that glyphosate resistant GE wheat had been found in a Washington wheat field. Oregon State University held a variety of field days and crop tours to showcase their wheat research and wheat breeding efforts.

FY 2020 – As the new fiscal year started, we were left to face some tough questions. What will an angry Governor and legislative leaders do in response to the failure of Cap & Trade? Will USMCA move forward before the 2020 elections consume Congress's ability to pass legislation? Is there any resolution for trade issues with China? With Japan? Will wheat prices improve? Can we remain competitive in global markets? How do we restore the trust of the urban public that our farms and farming practices are sustainable?

I wish I could say that I have answers to these and other questions, but I don't. After 8+ years as your CEO, the only thing I can say for sure is that Oregon Wheat will only survive if wheat growers continue to engage the effort; be a member, show-up, speak-up, listen and think about the issues, call/write/email/Facebook your legislators and agencies. We have a great staff, an excellent lobbyist, a good reputation as an organization, effective partnerships with other ag and natural resource groups, but we can't be the best I know we can be without our growers being engaged in the effort. Here's to a great year ahead!!





LEGISLATIVE SUMMARY

OWGL
CONTRACT
LOBBYIST

AMANDA DALTON



DaltonAdvocacy
INC

2019

SESSION & INTERIM

The 2018 General Election of more progressive candidates in the Portland area, Ashland, and Hood River, shifted the overall political character of the Democratic caucus further to the left and set the stage for a busy session as new members sought to fulfill campaign promises and make names for themselves. Passing a tenant rights and affordable housing bill, a \$2 billion “modified corporate activities tax,” and enacting Cap-and-Trade legislation were the three main priorities in 2019 for the new Democrat supermajorities and they were successful on two out of three of them (all but Cap & Trade).

2019 Legislative Session

Oregon’s 6-month Session proved to be an exercise in survival and resiliency. Once again, Oregon’s farmers and ranchers faced significant threats at the beginning of the Session – attacks on farm methods, tools and an array of new costly mandates on all of Oregon. Nevertheless, OWGL remained a key ally and messenger pushing back on many of the most dangerous pieces of Legislation, and together with our coalition partners, did overall see success. Below is a brief summary of major Legislation of interest.

Pesticide & Biotech Related Bills

Attacks on the pesticide toolbox seem to be something we are faced with every year, and this year was no different – though proponents got closer to major changes than ever before. In 2019 we were successful at stopping over 12 attempts by Legislators to ban or restrict certain products on farm and forest land.

Bills that did NOT advance include:

- HB 2619, HB 3058, SB 853 - Prohibits or restricts sale, purchase or use of pesticide chlorpyrifos or pesticides containing or neonicotinoids.
- HB 2980, HB 3044, SB 931 – Extends sunset for PURS (Pesticide Use Reporting System), or creates new notification or reporting requirements for some types of pesticide applications.
- HB 2493, HB 2656, HB 3221, SB 926 - Prohibits aerial application of pesticides within certain watersheds, certain types of state lands, or forestland that supplies drinking water to public water systems.
- HB 3042 - Authorizes city, town, county or political subdivision to prohibit or regulate application of chemicals by aircraft.
- SB 434 – Holds patent holders or licensed manufacturers liable for up to treble damages if GE/GMO crops are found where they weren’t planted.



Labor Bills

Labor bills were once again front and center in the 2019 Legislative Session. Proactively, we advanced SB 123, a bill providing some needed technical fixes to the Pay Equity law. This bill also came with legislative intent urging BOLI to reopen rulemaking to make needed changes to the way farm labor housing is treated.

As part of the broader employer community we were able to defeat restrictions on employers' ability to prohibit off-duty marijuana use, serious threats to the way we classify independent contractors and a broad sweeping liability bill that would have allowed unions or 3rd parties to sue on behalf of one, or a class of, employees. We also stopped an attempt to add personal individual liability into an adopted workplace harassment bill. This potentially devastating provision would have exposed all growers to personal individual liability for harassment they "should have known" about. After extensive negotiations with key Republicans and the broader business community at the table, a compromise was reached on a statewide Paid Family Leave bill. This negotiated bill, HB 2005, addresses employer concerns far more effectively than the other options that were on the table this year and should help avoid a more onerous ballot measure.

Key provisions of the final bill include:

- Hard cap of 12 weeks paid leave related to the birth, adoption or fostering of a child, leave for serious health conditions of the employee or a family member, and leave needed for a victim of domestic violence. An additional two weeks of paid leave is available for individuals with medical complications due to pregnancy. If an employee is currently eligible for leave under the Oregon Family Leave Act (OFLA) that applies to employers with 25 or more employees, or the Family & Medical Leave Act (FMLA) that applies to employers with 50 or more employees, then the employee can access up to an additional 4-weeks of unpaid leave. (Original bill called for up to 32 weeks of paid leave).
- The cost of this insurance-pool program will be shared 60 percent by employees and 40 percent by employers, with a maximum payroll tax of 1%. Employers with fewer than 25 employees are not required to pay the employer premium. (Original bills called for 100% employer funding for all employers regardless of size).
- Must be employed for 90 days before job protections kick in. This is especially important for our seasonal and ag employers. (Original proposals had no wait time).
- 4 Employer representatives on advisory council, including one that specifically represents a small employer.
- Modified Job Protection language for small businesses that allows for employer discretion if job no longer available by inserting "as determined by employer's business needs".
- Private options for existing marketplace products.
- Business assistance and grants for small businesses up to \$3,000 for worker-replacement costs that small businesses can access up to 10 times in one year.
- Statewide preemption on all paid family and medical leave related issues.



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Tax Bills

The Oregon Legislature adopted HB 3427 this Session. The bill places a commercial activity tax on all gross sales in Oregon over \$1M at the rate of .57% (.0057) which raises \$2B dedicated to education spending in Oregon’s classrooms. The final bill includes an ability for businesses to deduct up to 35% of the greater of their labor costs or cost inputs and exempts groceries, and fuel, alcohol, tobacco and marijuana taxes. The bill also includes a reduction in the personal income tax rates and applies to tax years beginning January 1, 2020.

Towards the end of Session, a “fix” bill was also advanced. HB 2164 made an important clarification for ag co-ops, specifically clarifying that all “farmers sales” to an agricultural cooperative are exempt from the commercial activity tax calculation, not just “business done with or for members of an agricultural cooperative.” Efforts will continue into the 2020 Session to further expand the definition of “groceries,” which are exempt in HB 3427, to include all raw and unprocessed crops for eventual human consumption.

“Good Samaritan” Law Signed by Governor

OWGL partnered with Sen. Bill Hansell-R and Sen. Betsy Johnson-D to pass meaningful legislation that will give farmers and ranchers immunity from liability while fighting dangerous wildfires, such as the ones we saw devastate thousands of acres of wheat fields last summer. This bill was a priority for OWGL and League leaders testified in support of the bill several times.



Cap & Trade

Oregon agriculture and manufacturers saw a major victory in the final weeks of the 2019 Legislative Session with the defeat of HB 2020, the Cap & Trade legislation to limit carbon emissions. After passing out of the House with all Republicans and two Democrats voting ‘no’, the bill stalled in the Oregon Senate. HB 2020 would have required companies in the utility, transportation and industrial sectors to buy emission allowances in a state-run auction or on a secondary market to cover each metric ton of carbon equivalents emitted by their operations. Senate Republicans instigated a walk out in the final weeks, denying quorum and essentially locking up the bill. Senate President Peter Courtney ultimately announced there were not the Democrat votes needed to advance the bill and upon return of the Senate Republicans the first order of business was to move HB 2020 back to Committee, killing it for 2019.

Upon adjournment, Governor Brown announced she plans to use her Executive Authority to direct state agencies to implement some of the provisions contained in the bill and pursue legislation in the February 2020 Session. Conversations are expected to continue on this policy proposal throughout the 2019 interim leading up to the 2020 Session.

2019 Interim – 2020 Session

Looking forward, we anticipate BOLI and the Employment Department to handle the majority of rulemaking for new labor law changes passed by the 2019 Legislature, including Pregnancy Accommodations (HB 2341), Milk Expression (HB 2593), Pay Equity (SB 123), Workplace Harassment (SB 726), and Paid Family Leave (HB 2005).

The 2020 Session will begin February 3rd and must adjourn by March 8th. Bill introduction is limited unlike during the long odd-number year sessions. House members may only introduce two bills, Senate members one bill, and Committees are limited to 3. Major issues anticipated include Cap & Trade and possible revisions or “fixes” to the Commercial Activity Tax. It is also possible we see threats to the grower toolbox, specifically around chlorpyrifos or aerial pesticide application.

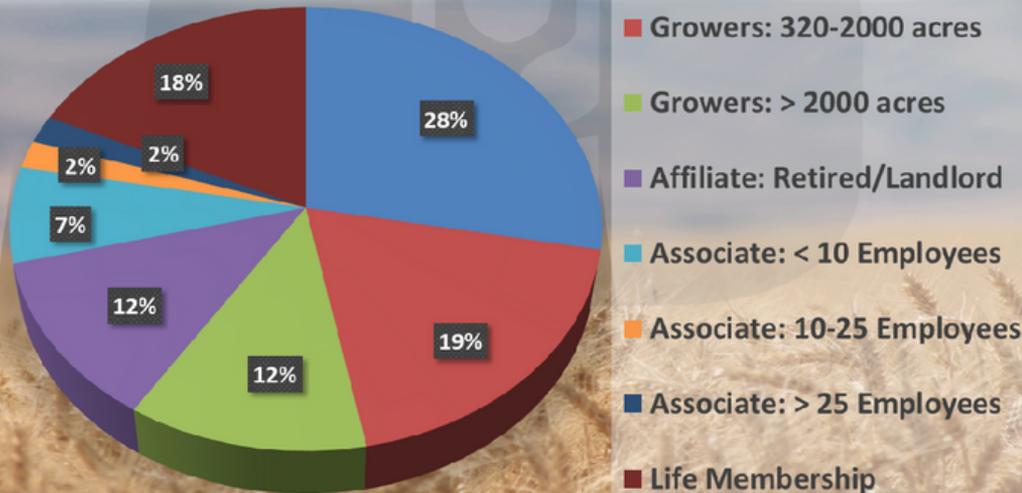
2020 is also a major election year where 3 statewide offices (Attorney General, Secretary of State, and Treasurer), 15 of the 30 Senate seats and all 60 House seats will be on the ballot. Democrat control is not expected to shift, but we expect some strong challenges to moderate Democrats in the primary and that Republicans will try to block the Democrats supermajority control. In addition, over 40 initiative petitions have been filed to-date for possible consideration. All face a long road ahead to qualify, but we should have a feel for what policy issues we’ll see on the November 2020 General Election ballot by the Summer of 2020.



#YOURDUESATWORK

MEMBERSHIP PROFILE

2018-19 Breakdown

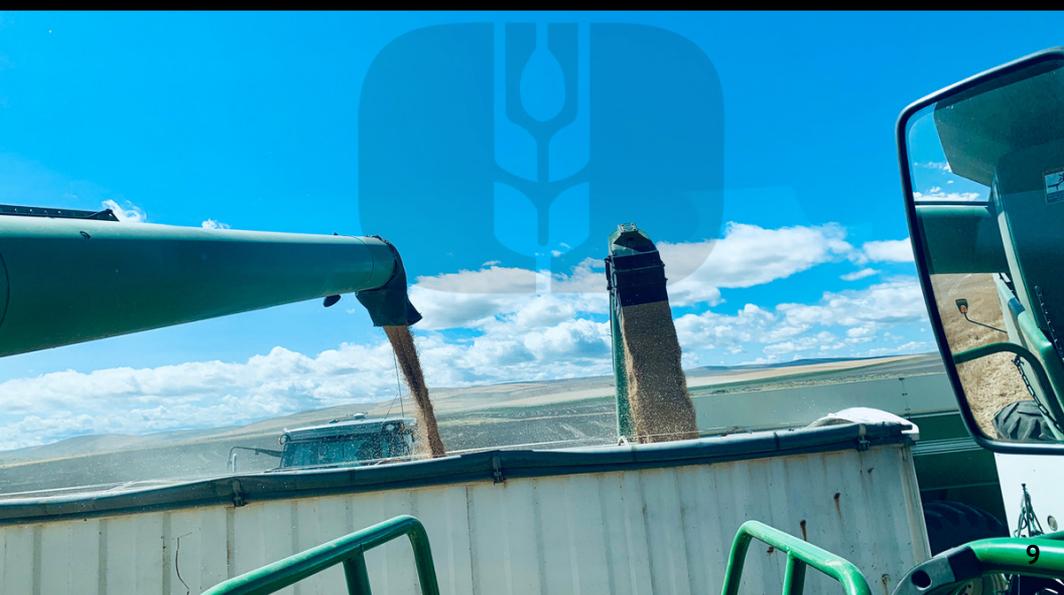


BUDGET & FINANCIAL RESOURCES

The financial condition of the League improved in 2018/19, with final net income of \$16,000, compared to budgeted net income of \$3,000, after accounting for depreciation (non-cash charge).

Highlights of the financial results include:

- Total revenues were \$593,000, which was \$15,000 higher than budget.
- Membership dues were under budget by \$6,000. This was offset by increases in Other Income and Local/County fundraising. Other Income included a one-time payout of funds leftover from the last bi-state convention with Idaho;
- Personnel costs were 107% of budget due to vacation payouts for a retiring employee, overtime expenses, and higher than estimated FICA and overhead costs;
- Operating costs were 15% under budget overall, but we did experience some higher costs for building maintenance, office supplies, and professional services. A big part of the leased office equipment and equipment maintenance costs were shifted to interest expense and depreciation. We took advantage of cost savings through the year to pay for needed technology and website upgrades;
- County meeting and membership development costs were both well under budget;
- Tri-State Convention costs were 81% of budget due to savings on hotel costs;
- Magazine advertising revenue dropped off during the year, resulting in higher net printing costs for the magazine. Savings on postage and newsletter costs offset these higher printing costs;
- In-State travel costs were 26% over budget and Out-of-State travel costs were 19% over budget, due to more staff travel, higher airfares, more Board members attending national meetings, and extra trips to Washington, DC to lobby farm bill and trade issues;
- Public education expenses were 96% of budget;
- Total expenses including interest were \$576,000, over budget by \$2,000.



2019 OWGL PRIORITIES

Environment and Regulations

1. Ensure 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 continued implementation, training, and grower education on any 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 or increasing soil carbon levels 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.
10. Protect the ability of farmers and their employees to conduct fire prevention, suppression, and control efforts on agricultural and rangelands. Ensure that firefighting entities (federal, state, local) have the maximum ability and authority to coordinate with and utilize farmers and their equipment and resources when fires occur.
11. Oppose efforts to place additional State restrictions on pesticides beyond the EPA labels without clear and convincing scientific evidence that greater restrictions are needed in Oregon.

Research & Technology

1. Advocate for increased state and federal 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 2019 state legislative session for increased research and extension funding.
4. Actively support increased federal funding for the ARS-Pendleton program.
5. Work with OSU to accelerate development of weed management control options in chem-fallow systems, especially for herbicide resistant weeds.



YOUR DUES AT WORK

2019 OWGL PRIORITIES

*CONTINUED FROM PG. 10

Farm Policy

1. Support implementation 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) and maximize allocations of ATP (tariff relief) funding for US Wheat Associates.
4. Support increased funding for ARS facilities and programs
5. Work with RMA to address crop insurance questions from local areas:
 - a. Pursue adjustments to the APH procedures to provide more favorable treatment for growers who suffer 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
7. Support the elimination of limits on TIP payments when a direct family member is involved.

Marketing

1. Support expansion of OWC marketing programs to Asian and Latin American markets.
2. Continue direct funding for projects through USW and/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.

Miscellaneous

1. Explore options to reduce the cost of health care for farmers, farm families, and employees, especially in rural areas.



YOUR MEMBERSHIP DOLLARS AT WORK

- ✓ Worked to pass the 2018 Farm Bill, including crop insurance provisions to protect summer fallow producers who use cover crops.
- ✓ Support for recovery efforts on 2018 wildfires, work with OR-OSHA on fire training for farmers, passage of Good Samaritan bill to provide liability protection for volunteers who fight wildfires, represented wheat growers in Governor Brown's wildfire review process.
- ✓ Success in securing \$2 million in new annual federal funding for dryland wheat research, most of which will go to support research at ARS-Pendleton.
- ✓ Advocacy on all issues impacting wheat growers in 2018 Oregon Legislative Session including cap and trade, employee benefits, taxes, pesticides, water quality, and more.
- ✓ Maintained strong working relationships with Oregon Congressional delegation, national associations, and state ag, natural resource, and business groups.
- ✓ Expanded our communications and social media programs.