

May 28, 2010



Thompson Introduces Agriculturally-Focused Estate Tax Reform Legislation
2010 CCA/CCW Midyear Meeting Registration Deadline Approaching
Senate Agrees to Debate Resolution of Disapproval against EPA Greenhouse Gas Regulation
Water Diversion Reporting Information due July 1
Farm Bureau Files Lawsuit against Fish and Game over Water Rights Enforcement
CWT Announces Dairy Cow Retirement Program
Cattle Fax Weekly Market Highlight

Thompson Introduces Agriculturally-Focused Estate Tax Reform Legislation

This afternoon, prior to adjournment of the Congress for the Memorial Day Work Period, Congressmen Mike Thompson (D-CA) introduced updated legislation to provide farmers and ranchers targeted relief from the estate tax. This legislation provides a positive alternative to put in place permanent reform for agriculture, in addition to an increased across the board exemption, prior to the expiration of previous estate tax reductions scheduled to end in 2010.

Like similar legislation that CCA has supported, the Family Farm Estate Tax Relief Act of 2010 indefinitely defers from the estate tax the value of farm property on a family-owned ranch or farm as long as the operation remains intact and in the family.

Officers and staff have worked with Thompson and other interested parties to help ensure that the newly-introduced language takes strong steps to address generational transition, one of the most significant issues affecting cattle producers in the state. CCA looks forward to working with a diverse group of stakeholders – including a number of agricultural and conservation-focused lobby groups who are supporting the bills – to

build additional support in Congress for this legislation and this agriculturally targeted approach to keep family ranches intact regardless of their value.

CCA would like to thank Thompson as well as other members of the California Congressional delegation who are original cosponsors of the bill - Kevin McCarthy (R-CA), Dennis Cardoza (D-CA), Jim Costa (D-CA), Sam Farr (D-CA), Lois Capps (D-CA) and George Radanovich (R-CA).

For more information about the bill and CCA's efforts to permanently protect cattle producers from the estate tax, contact Matt Byrne in the CCA office at matt@calcattlemen.org.

2010 CCA/CCW Midyear Meeting Registration Deadline Approaching

The 2010 CCA/CCW Midyear Meeting will take place June 16-17, at the Lake Natoma Inn in Folsom. This is your opportunity as a member to give direction to your association. New this year, we have a condensed two-day meeting schedule to collaborate with the 2010 CBCIA Tour, June 18-20, following the Midyear Meeting.

Registration materials should have arrived in your mailbox. Registration forms are available on our Web site, www.calcattlemen.org, for you to print and mail in or online registration is also available on the CCA Web site.

Hotel reservations can be made by calling the Lake Natoma Inn at (916) 351-1500 and by mentioning the California Cattlemen's Association you can receive the block rate of \$109/night. If you have any questions about Midyear, please contact Chaley Paulson in the CCA office at (916) 444-0845 or chaley@calcattlemen.org.

Senate Agrees to Debate Resolution of Disapproval against EPA Greenhouse Gas Regulation

Leaders in the Senate this week reached a unanimous consent agreement to allow for debate on Senator Murkowski's "Resolution of Disapproval" (S.J. Res. 26) on Thursday, June 10. The National Cattlemen's Beef Association (NCBA) and the Public Lands Council (PLC) strongly support this resolution as a critical tool to prevent the Environmental Protection Agency (EPA) from using the Clean Air Act (CAA) to impose economically devastating climate regulations on agriculture and other U.S. industries.

S. J. Res. 26 currently has 41 co-sponsors, including three Democrats: Sen. Blanche Lincoln (Arkansas); Sen. Mary Landrieu (Louisiana); and Sen. Ben Nelson (Nebraska). In order for the resolution to pass, it must garner 51 votes.

EPA's "endangerment" finding (issued in December 2009) provides the foundation for the agency to regulate GHGs from small and large sources throughout the economy

(including farms, hospitals, office buildings and schools) under the CAA, which is ill-equipped to address climate change. S. J. Res. 26 would in effect reverse EPA's finding, and allow the complex issue of climate change to be handled through thoughtful Congressional debate, rather than unilaterally mandated by the EPA.

If agriculture were regulated under the CAA, Title V operating permits alone would cost farmers over \$866 million-in addition to increased costs for feed, fuel and other inputs necessary for running agriculture operations as a direct result of the regulations on other economic sectors.

Water Diversion Reporting Information due July 1

Current law requires those that divert water from California's lakes, rivers, streams and creeks to report a Statement of Diversion and Use to the State Water Resources Control Board annually for monthly water use. The reporting statute applies to all water diversions, including adjudicated and riparian water rights. Until recently, there was no consequence associated with non-compliance, however following the adoption of the water bond legislation passed by the state legislature and Governor Schwarzenegger last year, a series of fines were established for water diversions that are not reported on an annual basis as currently required by state law.

For those not currently reporting, an initial statement of diversion and use must be submitted to the State Water Resources Control Board for 2009 water diversions by July 1. Please visit the CCA Web site at www.calcattlemen.org to access the reporting form or for more information from the State Water Resources Control Board about the reporting requirements.

Farm Bureau Files Lawsuit against Fish and Game over Water Rights Enforcement

Earlier this week, the California Farm Bureau Federation sued the California Department of Fish and Game (DFG) charging that DFG has exceeded their authority by regulating water rights. The State Water Resources Control Board is the state agency responsible for administering and overseeing water rights, not DFG.

A law was passed in 1961 by the legislature allowed DFG to regulate gravel mining, but the lawsuit contends that Fish and Game Code Section 1600 was never intended to allow DFG to regulate water rights or the simple opening of a head gate to divert water. This fundamental shift in the interpretation of the law has already created burdens on ranchers in the Scott and Shasta River watersheds and could potentially impact farmers and ranchers in other parts of the state. The lawsuit seeks to clarify the original intention of the law and relieve farmers and ranchers from having to obtain new costly permits to divert water.

CWT Announces Dairy Cow Retirement Program

Cooperatives Working Together (CWT) announced yesterday it would embark on the 10th herd retirement since it began operations in the summer of 2003. CWT, funded by dairy cooperatives and individual dairy farmers, said the decision was made after reviewing economic benchmarks including cull rates and cull cow prices. The most recent prior retirement program was conducted in the fall of 2009.

As was the case in 2009's herd retirement rounds, CWT has no set target for the volume of milk or the number of cows to be removed in this herd retirement. The number of animals removed will depend on the number of bids received and the price level of those bids which will be accepted beginning from the lowest bids received, moving up toward the maximum level.

According to CWT, they will not pay more for cows than what they are currently worth in the marketplace and members of CWT whose bids were accepted in a previous CWT herd retirement may not bid in this round. Bids for the latest retirement program will be accepted until June 25.

CCA will continue to keep members apprised of any additional news surrounding this issue. As with previous rounds of the retirement program, CCA suggests you contact your local livestock market to inquire about the status of the dairy cows being sent to slaughter in your area before sending your cattle to market.

Cattle Fax Weekly Market Highlight May 28, 2010

The fed cattle market was mostly \$3 to \$3.50 lower this week. In the North, the bulk of the sales were collected at \$149 to \$152 dressed and \$93 to \$94 live. In the South, the bulk of the trade occurred at \$93 to \$94. Trade volumes were light to moderate in front of the holiday shortened week. Boxed beef values slipped this week as well, led by softer Loin and Trimmings values. Market participants will be closely watching beef movement over the long holiday weekend as Memorial Day is typically good for beef sales. Feeder cattle prices were \$1 to \$3 with instances of \$5 lower, while calves were quoted \$2 to \$5 softer. Slaughter cows were off \$2 to \$3. Feeder cattle and calf supplies are expected to tail off into mid-summer. Corn prices continued to work higher this week even though a very large crop is now in the ground.

Help Your Business and Your Industry by Joining CCA Today

Do you like what you see here? Are you interested in participating in these important efforts and receiving additional publications about California's beef cattle industry? If you're not yet a member, you can lend your support by joining the California Cattlemen's Association (CCA) today. CCA is the

only membership organization in California dedicated solely to looking out for the interests of ranching families and California's cattle industry.

CCA staff and officers work every day to ensure that our members have a known voice in Sacramento and in Washington, D.C. CCA defends your private property rights; works towards preserving private and public rangeland; protects the health of California's cattle herd; and provides scholarships to help the next generation of ranchers remain in the industry.

Joining this critical effort is simple for cattle producers, landowners and supporters of the industry. Call Stevie in the CCA office at (916) 444-0845 or email requests for membership information to stevie@calcattlemen.org.

**This newsletter is a publication of the California Cattlemen's Association.
1221 H Street • Sacramento, CA 95814
(916) 444-0845**

Did someone forward this message to you?

To subscribe, or if you would like to have your name removed from our subscriber list, please send an email to stevie@calcattlemen.org or call (916) 444-0845.