

NEBRASKA TAXPAYERS FOR FREEDOM ISSUE PAPER:
FREE NEBRASKA FARMERS FROM UNNECESSARY REGULATIONS.

BACKGROUND. Nebraska farmers face enough problems from bad weather, high property taxes, inflation, supply chain delays, and low prices on yields. They do not need additional problems from federal regulations, like the Biden Regime Securities & Exchange Comm. (SEC) trying to meddle in farm production. In March, 2022, the SEC proposed a rule that would require public companies to include climate-related disclosures in their financial statements. Specifically, the rule would necessitate the disclosure of public company “Scope 3” emissions, indirect emissions from upstream and downstream activities in their supply chains. Forced to include specific climate-related disclosures in their statements and periodic reports, including measured impacts on their entire supply chain. The required information about climate-related risks also would include disclosure of greenhouse gas emissions, which have become a commonly-used metric to assess a registrant exposure to such risks. This SEC rule would impact most farms, because most ag products are used or sold by a publicly-traded company. 98% of farms in the U.S. are independent, family farms that lack the resources to track and report emissions data necessary to meet the disclosure rules. The increased production costs and difficulty in supplying such data to public companies would hinder competition and encourage further market consolidation in supply chains.¹



THE BILL. Conservative Cong. Frank Lucas (OK.) has sponsored [HR 1018](#), the Protect Farmers from Sec. 23 of the SEC Act of 1934. His bill would prohibit the SEC from requiring farmers and ranchers to disclose greenhouse gas emissions from upstream or downstream farm or ranch activities, including production, manufacturing, or harvesting of an ag product. The bill defines greenhouse gas as carbon dioxide, methane, nitrous oxide, nitrogen trifluoride, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride. Congressman Lucas declared, “The SEC is an independent financial regulator, whose statutory authority reflects its narrow focus on financial markets- not reconstructing America’s farm economy and meddling in capital allocation. I’m proud to introduce this critical legislation to protect America’s family farms and ranches from an encroaching and overreaching Biden Administration.” The bill has 101 co-sponsors and is now in the House Financial Services Committee, awaiting a vote to advance it to the full House for debate. Lucas joined House Republican Leader Kevin McCarthy and House Agriculture Committee GOP Leader Glenn Thompson to send a cautionary letter to President Biden, calling on his regime to reverse overly burdensome regulations and policy barriers to U.S. agriculture production that have caused needless uncertainty for farmers, ranchers, and working families. Lucas joined House Financial Services Committee Republicans in sending a formal letter to SEC Chairman Gensler, outlining their opposition to the plans to mandate disclosures for public companies regarding climate change and greenhouse gas emissions.

OUR REASONING. Farmers already face almost insurmountable proposed and ongoing regulatory burdens from an array of federal agencies. The cotton sector already has committed to reducing greenhouse gas emissions, and producers are escalating that and other key conservation practices under the advisory of the U.S. Cotton Trust Protocol sustainability initiative. The SEC rule would only complicate the efforts of cotton producers who already are dealing with a maze of regulations, weather challenges, and market volatility. The proposed SEC regulations are almost impossible to comply with, and the ramifications would reverberate throughout our national food supply and among consumers. Not only would the SEC climate rule be wildly burdensome, expensive, and impossible for many farmers to handle, but it also raises serious data privacy concerns. Almost every farm and ranch product eventually connects with a publicly traded company, meaning that farmers and ranchers must report personal information and business-related data. Imposing even more regulations on the folks who produce the food for our families seems devastating at any time, but it may cripple the entire industry when food prices are already at a 40-year high. The proposed climate rule is so unwieldy and convoluted that publicly traded companies will become forced to require small, independent, family farms to report miniscule farm data regarding individual operations and daily activities. In this way, the SEC would gain unprecedented jurisdiction over family farms and ranches, hindering the ability of American farmers and ranchers to compete in global markets and creating onerous compliance requirements for operations with few or no employees. The proposed climate disclosure rule would create substantial costs and legal liabilities for farm families. Unlike large corporations, farmers do not have teams of compliance officers or attorneys dedicated to handling SEC compliance issues.² The bill seeks to recognize the unique needs of small-scale operators and ensure that burdensome reporting requirements do not interfere with their capacity to cultivate the land, harvest crops, and manage livestock. Anyone with a basic understanding of how agriculture works can

¹ American Farm Bureau Action Alert, [CLIMATE: Protect Farmers and Ranchers from SEC Rules and Regulations](#), 2023.

² Jacqui Fatka, FARM PROGRESS. [Farmers need protection from SEC regulations](#), Sept. 29, 2022.

see how misguided is this proposal. The SEC can claim compliance will fall to the publicly traded corporations the SEC oversees, but actually it will be family farmers and ranchers who will have to keep up with an unprecedented amount of unnecessary paperwork.³ As interpreted by many in the agriculture community, the reporting requirements would create a burden on all food producers who supply publicly traded processors, restaurants, and retailers.⁴ The proposed rule would generate substantial costs and liabilities for farmers and ranchers, because farmers and ranchers provide almost every raw product that adds value to a company supply chain, which the company must report under the proposed rule.⁵



SUPPORTERS. The following interests support **HR 1018**:

American Farm Bureau Federation, National Cattlemen's Beef Association, National Association of Wheat Growers, National Cotton Council, National Corn Growers Association, National Pork Producers Council, USA Rice, American Sugar Alliance, American Soybean Association, National Potato Council, United States Cattlemen's Association, National Council of Farmer Cooperatives, Agricultural Retailers Association, Oklahoma Farm Bureau, and the Oklahoma Cattlemen's Association.

TAKE ACTION NOW. The main job of our farmers and ranchers is to put meat and other foods in our grocery stores at reasonable prices for consumers, not manage the complex clerical duties to meet SEC compliance rules. American farmers and ranchers are the true conservationists and are doing everything they can to preserve the land and address climate issues voluntarily while feeding a growing population with wholesome food. Now is not the time to stifle progress in these areas with additional onerous regulatory oversight. Using the information above, lobby your congressman to vote **HR 1018** out of committee onto the House floor, where conservatives can push it to passage. Email netaxpayers@gmail.com for congressional contact information and join our NTF *Congress Watch Project*.

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³ MyChesCo., Legislators Reintroduce the Protect Farmers from the SEC Act, February 14, 2023.

⁴ Spudman, Feb. 20, 2023.

⁵ Texas Farm Bureau, Gary Joiner, Congress Takes Aim at Harmful SEC Proposal, March 1, 2023.