



The Cotton Chronicle

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Industry Calendar

Beltwide
January 3—5
San Antonio, TX

NCC Annual Meeting
February 9—11
Fort Worth, TX

CCGGA Annual Meeting
February 21—23
Monterey, CA

Visit web calendar
for details

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The Association Recognizes Michael Hooper

After 41 years in the cotton business, the last 27 of which were as Manager of Farmers Cooperative Gin, Inc., **Michael Hooper** is retiring. Hooper



er began his career working for CalCot in 1976 then returned to the family's mote business in 1981. In 1988 he became the Assistant Manager of Farmers Cooperative Gin, Inc. and subsequently was named the manager in 1991. Hooper was elected to the board of the California Cotton Ginners Association in 2000, and was the Chairman of the Association from 2005 to 2006. Hooper was extremely active for the Association serving on the Safety, Gin Trash, Elections, Ginners School, Executive, Employee Compensation, Annual Meeting and Joint Steering Committees, and at one point served as Chairman of the Safety, Gin Trash, Elections, Employee Compensation, Executive and Joint Steering Committees. But his commitment and dedication did not stop at the State level. Hooper represented

the Association on the USDA AMS Pima Cotton Standards Review when it was held in Memphis, Tennessee, and continues to regularly attend the annual reviews. More importantly, Hooper was a member of the National Cotton Ginners Association (NCGA) Board of Directors and served as Chairman in 2002 -2003. During his tenure with the National Cotton Ginners Association Hooper served on numerous committees and regularly attend the NCC Beltwide Cotton Conferences and NCC Annual Meetings. **Association President/CEO Roger Isom** commented "Mike Hooper was one of the most, if not the most, involved members we have had in my tenure at the California Cotton Ginners and Growers Association. He is the epitome of true industry involvement and represented Farmers Coop, the Association and the entire California cotton industry with the utmost regard and dignity possible. The industry will sorely miss Michael Hopper and the guidance and direction he provided to us over the years. We all wish him the best of luck as he moves in to the next phase of his life."

2018 Beltwide Cotton Conferences

The National Cotton Council and its cooperating partners welcome all to the 2018 Beltwide Cotton Conferences January 3-5 (Wednesday through Friday) at the Marriott Rivercenter Hotel, San Antonio, TX. Three days of individual reports, panel discussions, hands on workshops and seminars are designed to provide attendees with information they need to help producers

Welcome New Associate Member!
Universal Traders LLC.

make key cotton production/marketing-related decisions. A dynamic program, along with the opportunity to network with peers from across the Cotton Belt, separate this conference from all others in agriculture. This conference will be educational, as well as enjoyable. Come, learn and experience all the sites and attractions that San Antonio has to offer. Mark your calendar and plan to attend. For details, please visit <http://www.cotton.org/beltwide/>.

Crivelli Appointed to California Cotton Pest Control Board

Merced County grower **Chad Crivelli** has been named to the California Department of Food and Agriculture's (CDFA) **California Cotton Pest Control Board**. The Cotton Pest Control Board makes recommendations to the Secretary on all matter pertaining to the Pink Bollworm Control Program which monitors the presence of pink bollworm in California through an extensive trapping and monitoring system. Crivelli joins eight (8) other growers and one public member on the board. Those include:

- **Chairman Ted Sheely, Kings County**
- **Andrew Clark, Fresno County**
- **Bob Hull, Riverside County**
- **Jeff Mancebo, Merced County**
- **Gary Martin, Fresno County**
- **Bill Stone, Kings County**
- **Joey Mendonca, Kern County**
- **Greg Watte, Tulare County**
- **Daniel Munk, UCCE (Public Member)**

The terms are unlimited and the Board meets approximately twice per year.

Association Testifies at Yet Another PM2.5 Workshop
Association President/CEO Roger Isom provided testimony at the Public Advisory Workgroup (PAW) meeting on the PM2.5 State Implementation Plan (SIP) at the San Joaquin Valley Air Pollution Control District (SJVAPCD). The 12th such workshop, which does include the four Air Resources Board (ARB) and SJVAPCD Board Briefings, was held to provide an update on the development of the SIP which will be considered and voted on by the SJVAPCD Governing Board in March of 2018 and by the ARB Board in April of 2018. The Association has been present and testified at every single one. Isom's comments focused on the SJVAPCD's proposal to electrify more ag pump engines, use incentive funds in "hot spots" areas for tractor and harvesters, as well as looking at new Conservation Management Practices (CMPs). Isom also commented on the ARB's proposal to have a tractor rule that would put

forth a date by which tractors would have to be replaced with Tier 4 engines. "Incentive funds are the only way agriculture can address a tractor replacement regulation. We cannot pass along the cost, like other industries". With regards to the electrification issue, Isom commented that there needs to be a meeting of the agencies, including the California Public Utilities Commission (CPUC) as the utilities are proposing to change their rates which would have a direct negative impact on further electrification. Stay tuned as this issue continues to move towards Board adoption.

IRS Starts Penalty Process for Affordable Care Act (ACA)

The Internal Revenue Service (IRS) has started the process of levying penalties on employers under the Affordable Care Act (ACA) employer shared responsibility provision. Often called the employer mandate or play or pay, the ACA provides for the IRS to assess penalties on employers that do not offer adequate health coverage to their full-time employees. Although the mandate took effect in 2015, the IRS is just now starting to send penalty notices. The first round of penalty notices pertains to calendar year 2015. Employers that receive a notice will only have 30 days to respond, so it is advisable for all employers to prepare in advance by reviewing what their situation was in 2015. For 2015, the play or pay rules applied only to employers that had an average of 50 or more full-time employees, including full-time equivalents, in 2014.

Senate Tax Bill Proposes to Eliminate IC-DISC: Could Cost Cotton Industry Millions

Unlike the House Tax Reform Legislation, HR 1, passed this past week, the Senate Finance Committee similarly passed its version of the tax reform legislation, which unfortunately contains specific language that repeals the IC-DISC provisions. The IC-DISC tax savings are achieved from a reduced 20% U.S. capital gains tax rate on at least half of the income derived from qualifying products, in lieu of the normal Federal tax rate which can be almost 40%. IC-DISC stands for "Interest Charge – Domestic International Sales Corporation," a tax incentive which was introduced by Congress in its current form in 1984. It was designed to provide a U.S. tax incentive to stimulate U.S. export activities. The IC-DISC is relatively unknown and often overlooked because other alternative tax incentives were more often used until the last remaining alternative was eliminated in 2006. This is a critical tool

for the tree nut industry, which exports the majority of its product. The California Cotton Ginners and Growers Association (CCGGA) is actively working against these provisions, through our Senate and House Representatives, and in conjunction with a national coalition working to preserve IC-DISC.

UPDATE: IC-DISC Restored in Senate Bill

Late Friday night, the Senate capped a frenetic few days with the adoption of a “wraparound” amendment to H.R. 1, the Tax Cuts and Jobs Act. These amendments were drawn to the manager’s amendment which incorporated a range of individual members’ amendments that had been prepared for the bill, along with new language negotiated throughout the day. Many of these amendments are technical, clarifying or making minor revisions to non-notable provisions. However, there were some important revisions that were made as a result of intense negotiations. Included in those amendments was restoring the IC-DISC tax incentive. The California Cotton Ginners and Growers Association (CCGGA) was heavily involved in this effort working closely with a tax coalition focused on IC-DISC, and was on the phone daily last week with Washington, DC and New York, NY. We also want to recognize our members and Associate members who took the time to write letters and make calls to legislators throughout last week. It was the specific examples of the impact of potentially losing IC-DISC that changed the tide for us. The bill now heads to Conference Committee, where the Association will still be closely monitoring the situation to protect IC DISC.

East San Joaquin Revised Order Draft Released, Workshop Dates Set

The State Water Board released a second draft of their Proposed East San Joaquin Order in October of 2017. This Order aims to strengthen groundwater quality protection by leveraging stronger monitoring and field level requirements on growers and coalitions, and the Order is precedential in that it can be applicable to all Coalitions throughout the State. The recently released draft has several key changes to various requirements set forth in the order, primarily the inclusion of more stringent surface water monitoring throughout the state. This newly added requirement will undoubtedly result in higher fees to stakeholders due to the newly incurred cost at the Coalition level for this kind of monitoring. Other changes include the elimination of township level data aggrega-

tion, this provision is being replaced by individual operation data being submitted to the Regional Board with only the name of the operation being withheld by the Coalitions. Another major change is that growers in Low Vulnerability areas must have their Nitrogen & Irrigation Management Plans signed off on by a CCA or other certified source. This was not a requirement in the previous draft, although the State Water Board was trying to designate the entire State as being in High Vulnerability to groundwater quality. The State Water Board held two workshops on the proposed order in November, and will be taking public comment on the proposed order in front of the Board on December 6th. A workshop was held in Fresno on November 27th, as well as a workshop in Redding on November 30th. These workshops were unlike other previously held meetings, in that typically public comment is solicited and noted by Board Members and staff during the presentations. This “workshop” was just a question and answer session with the staff that was in charge of writing the proposed order. The Board meeting in December will allow for public comments on the overall Order. The Board is aiming to vote on the Order in January, so this does not leave us much time to act. We encourage you to submit written comments to the Board, as these will be reviewed and considered for the final draft to be released this next year.

Supporting Temperance Flat Dam

The San Joaquin Valley Water Infrastructure Authority is seeking the attendance of Temperance Flat Dam supporters at the next California Water Commission meeting on Wednesday, December 13. During this meeting Valley water leaders will be making a formal presentation on the project to commission members and how critical the 1.3 million acre-foot reservoir is to valley agriculture and residents. This is possibly the only chance to show the California Water Commission, the strong regional support there is for the project. **If you are interested in showing your support, please contact our office.**

Chlorpyrifos to Be Listed Under Prop 65

The Developmental and Reproductive Toxicity Identification Committee (DARTIC) made a decision to list chlorpyrifos under Proposition 65 as a developmental toxicant. California Cotton Ginners and Growers Association submitted comments in opposition to the product’s potential listing, stating that any additional actions that could potentially limit the use of the product are unacceptable.

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This latest action while not favorable, will not affect the availability or use of chlorpyrifos containing products for the time being.

Efforts to Combat Sticky Cotton Continue

Following this year's "CCGGA Sticky Cotton Summit", the Association has been hard at work on the action items that were generated as a result of that meeting. First, work is already underway on developing methods to detect and ultimately "measure stickiness". Teams from the **USDA ARS Cotton Ginning Research Laboratories** in Las Cruces, New Mexico and Lubbock, Texas, in collaboration with the **Southern Regional Research Laboratory** in New Orleans, Louisiana are already taking samples of sticky cotton and testing several different methodologies to measure stickiness. The goal here is to measure stickiness in the field or at the gin, as well as at the classing office and warehouse. It is hoped that at some point an official method can be approved and implemented to clearly and fairly identify sticky cotton before it gets to the mill. Grower awareness



was ramped up this year, with the Association adding specific information on whitefly and sticky cotton placed on the Association's website at <https://ccgga.org/sticky-cotton-efforts/>. There were also regional meetings with UC Cooperative Extension where this information was distributed and discussed in more detail. Lastly, at the request of the Association, the California Cotton Pest Control Board began taking aphid and whitefly samples while checking pink bollworm traps. While the information was at the county level and only provided monthly, it did help identify potential problem areas and helped heighten awareness. The Association will be meeting with growers, PCAs and the Pest Control Board after the season to see what improvements, if any, can be made. It is also important to note that several gins have begun to implement deterrents and/or penalties to discourage sticky cotton. Those deterrents include penalties that charge for the extra ginning costs to gin sticky cotton, saw ginning of the sticky cotton even if it's pima, and holding all sticky cotton until the end to gin it. Other gins are now considering instituting similar measures. In summary, the issue is at the forefront for the Association and its members. We must remain vigilant against sticky cotton!