

**ADOPTED RESOLUTIONS
BY THE RESOLUTIONS COMMITTEE
AT THE
20TH ANNUAL MEETING OF MEMBERS OF
CHS Inc.**

December 7-8, 2017

RESOLUTIONS COMMITTEE

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I. GRAIN AND FOODS

Resolution Supporting a Multi-Year Farm Bill

Issue: The Agricultural Act of 2014

Adopted Policy: CHS continues to support farm policy that covers multi and single year losses and strengthens risk management tools.

Resolution Supporting Policies that Improve U.S. Infrastructure

Issue: Maintenance and improvement of U.S. infrastructure

Adopted Policy: CHS believes Congress should consult with rural America to develop and fund federal policies that prioritize efficient improvements in agricultural and rural American infrastructure. This includes water transportation, locks, dams, ports, pipelines, rail and truck operations, and the distribution of all forms of energy. We also support the establishment of a comprehensive technological infrastructure that allows rural America to fully participate in electronic commerce and communication.

Resolution Supporting Free and Fair Trade

Issue: The Need for Free Trade Agreements

Adopted Policy: CHS believes the U.S. government must work to expand market access and pursue policies that help ensure fair competition and a level international playing field for U.S. producers, exporters and other value-added businesses. CHS supports U.S. participation in the North American Free Trade Agreement (NAFTA) and will continue to raise awareness of the importance of NAFTA to the U.S. food and agriculture sectors. CHS believes it is important that trade policies pursue the following objectives:

- Maintain and enhance the role of the United States as a reliable supplier of agricultural commodities and food products. If this is to be accomplished, food must not be used as a weapon in attempts to influence actions of other nations.
- Maintain the ability of our nation to take appropriate action in response to unfair trade practices.
- Trade policies should be strengthened to disallow countries from shipping products through other countries' ports to bypass trade agreements.
- Promote open markets which do a more efficient job and provide better returns to farmers in the longer term than government trading entities.
- Work to eliminate any remaining tariff and non-tariff trade barriers in future bi-lateral or multi-lateral trade agreements, thereby improving market access while providing a framework for food security.
- Use existing tools to expand exports of value-added and bulk agricultural products. These tools include humanitarian foods programs, market promotion and development, the Export Credit Guarantee Program, and other related approaches.
- Expand the range of export tools usable in the global trading environment and consistent with U.S. agriculture trade objectives.
- Food products that are imported into the United States should meet the same food safety regulations and standards as products produced in the United States.
- Consider the effects of currency manipulation on market access for agricultural commodities and food products.

Resolution Supporting Repeal of Provisions of the Jones Act

Issue: The Jones Act

Adopted Policy: CHS urges Congress to repeal the provisions of the Jones Act that exclude foreign flag vessels from U.S. Intra-Coastal trade of agricultural commodities.

Resolution Regarding Trade Barriers to Genetically Modified Foods

Issue: Trade Barriers to Genetically Modified Foods

Adopted Policy: CHS believes sound science should be used as the basis for sanitary and phytosanitary trade regulations. Such an approach will more effectively meet new challenges posed by agricultural products derived from biotechnology all while addressing food safety concerns.

Resolution Supporting International Standards for Biotech Products

Issue: International standards for agricultural products derived from biotechnology

Adopted Policy: CHS urges the adoption of a nationally and internationally accepted definition of agricultural products derived from biotechnology. We also urge international harmonization and consistent enforcement of scientific standards and trade rules.

Resolution Supporting National Labeling Standards

Issue: Federal Standards for Food Labeling

Adopted Policy: CHS supports a consistent labeling standard that allows consumers to access product information without stigmatizing certain agricultural production methods. In developing rules for the National Bioengineered Food Disclosure law, the United States Department of Agriculture (USDA) should consult with farming, ranching and cooperative organizations and strive to increase consumer confidence in agricultural products including those derived through biotechnology.

Resolution Regarding Anti-terrorism Measures

Issue: The impact of Anti-terrorism policies on agricultural commerce

Adopted Policy: To deter terrorism against our food and water supply, CHS encourages federal and state agencies to work closely with agricultural interests in developing preventative control and counter measure procedures that meet the needs of agriculture and do not interrupt the normal flow of agricultural products.

II. ENERGY AND AGRONOMY

Resolution Supporting Fewer Boutique Fuels

Issue: Boutique Fuels mandates

Adopted Policy: CHS urges Congress and the Administration to reduce the number of boutique fuels [specialty formulated gasoline].

Resolution Regarding Climate Change Treaties

Issue: Climate Change Treaties

Adopted Policy: CHS believes the U.S. government should ensure that any international global climate treaty or legislation does not cause unfair economic damage to the U.S., including severe hardship for the agricultural sector. Developing countries should not be excluded from compliance.

Resolution regarding National Ambient Air Quality Standards (NAAQS) for Ground-Level Ozone

Issue: In 2015, the Environmental Protection Agency (EPA) lowered the NAAQS for ground-level ozone from 75 parts per billion to 70 parts per billion.

Adopted policy: Environmental stewardship is a top priority for CHS. Our businesses have succeeded in significantly lowering ozone emissions over the last several years, and we believe this trend will continue without tighter federal regulation. CHS is concerned about the significant financial cost to our businesses of complying with lower ozone standards when previous standards have not yet been fully implemented or measured. CHS urges Congress to adopt legislation that would add the consideration of the costs and benefits of lower NAAQS for ground-level ozone, and that would provide businesses sufficient time to comply with lower NAAQS before the establishment of more stringent standards.

Resolution Supporting Improved Fuel Efficiency

Issue: Fuel efficient technology

Adopted Policy: CHS encourages fuel efficiency by supporting development of advanced automotive and agricultural technology.

Resolution Supporting Technology-Neutral Energy Policies

Issue: Technology-neutral energy policies

Adopted Policy: Congress and the Administration should develop a comprehensive national energy policy which would encompass appropriate use of all forms of energy.

Resolution Supporting Increased Use of Bio-based Products

Issue: Use of bio-based products for non-food purposes

Adopted Policy: CHS strongly supports the increased use of soybean, canola and other agricultural-based oils and their esters in diesel fuel and lubricants, in order to improve air quality and increase the commercial viability for these products, and urges the U.S. Congress and the legislatures in each state to support their use.

Resolution Supporting Policies that Promote Increased Use of Renewable Fuels

Issue: Policies that increase use of renewable fuels

Adopted Policy: To promote development and use of renewable energy and bio-based lubricants, CHS urges Congress and appropriate governmental agencies to adopt/support improvements in renewable fuel infrastructure and delivery systems, such as the gasoline/ethanol fuel blends platform and blender pumps.

Resolution Regarding the Renewable Fuel Standard

Issue: The Renewable Fuel Standard (RFS)

Adopted Policy: CHS supports the process by which the Administrator of the Environmental Protection Agency (EPA) considers blending requirements of the RFS. CHS believes any decisions about the RFS must be made in a timely manner with a focus on long-term impacts on the economy, rather than on short-term crop and market conditions. CHS urges the EPA to finalize annual blending requirements by the deadlines established in the RFS to promote market certainty for our businesses and our farmer-owners.

Resolution Supporting Best Management Practices (BMPs) as a Tool to Protect Water Resources

Issue: BMPs as tools to protect water resources

Adopted Policy: CHS supports product stewardship programs, such as (BMPs), developed through sound science, research and education, as the best way to protect wetlands, watersheds, and to mitigate non-point source (NPS) pollution. We prefer prioritizing financial and other resources for impaired watersheds and true permanent wetlands. Policies related to these issues should be consistent with food and agricultural policy objectives, taking into account potential economic impacts and environmental benefits. We encourage the adoption of voluntary BMPs and precision agriculture practices to be used by agriculture to ensure quality water supply, better control of NPS pollution, and involvement in Natural Resources Conservation Service programs.

Resolution Supporting Modernization of Food Safety and Pesticide Regulations

Issue: Food safety and Pesticide Use Regulations

Adopted Policy: Pesticides, crop nutrients, food and feed additives and minor use crop protection products are recognized as safe and effective tools for modern agricultural production. CHS supports the maintenance of adequate supply and judicious use of approved products. We urge that all regulations and legislation be based on sound science. This will help assure a safe, sustainable, abundant and affordable supply of high quality agricultural products.

Resolution Regarding Greenhouse Gas Emissions Regulations

Issue: The Clean Power Plan greenhouse gas reduction policy for power plants

Adopted policy: Affordable, reliable electricity is essential to the success of CHS businesses and our farmer-owners. In 2015, the Environmental Protection Agency (EPA) finalized the Clean Power Plan, a set of regulations to reduce greenhouse gas emissions from existing power plants. CHS is concerned that implementation of the Clean Power Plan will lead to significantly higher utility costs, decreased electricity reliability, and may lead regulators to target other sectors to reach greenhouse gas emissions reduction goals, such as the refining industry.

Resolution Regarding Process Safety Management for Agricultural Retail Facilities

Issue: Exemption for agriculture anhydrous ammonia retailers

Adopted Policy: CHS urges OSHA to maintain the retail exemption for anhydrous ammonia retailers. The removal of this exemption would require all anhydrous ammonia retailers to follow the same process safety management standards as manufacturers and would be cost prohibitive and cause some retailers to shut down their facilities.

III. COOPERATIVE BUSINESS

Resolution Supporting the Cooperative Business Model

Issue: The Cooperative Business Model

Adopted Policy: CHS believes Congress should continue to support collective activity by farmer cooperatives and the right of cooperative associations to act for and on behalf of their members as set forth in the Capper-Volstead Act. The ability of farmers and ranchers to act together in processing, preparing for market, handling and marketing their products is essential to maintaining a strong agricultural economy.

Resolution Regarding Taxation of Cooperatives

Issue: Continuation of current tax treatment for cooperatives

Adopted Policy: CHS supports continuation of Subchapter T of the Internal Revenue Code which forms the basis for cooperative taxation and taxation of co-op patrons. CHS believes Congress should oppose any legislation that would require cooperatives to pay taxes on patronage related business margins at both the corporate level and the member level. The current single tax treatment for cooperatives allows margins to flow through to farmer members, resulting in job creation, increased spending on agricultural production and increased spending in rural communities.

Resolution Supporting On-Farm Safety

Issue: On-Farm Safety

Adopted Policy: CHS supports voluntary on-farm safety and educational programs that provide training and resources for cooperatives, local communities and producers. CHS urges government officials to interact with cooperatives, producers and the agricultural community when developing and implementing on-farm safety rules and regulations.

Resolution Supporting Section 199 Tax Deduction

Issue: Section 199 Domestic Production Activities Deduction

Adopted Policy: CHS supports continuation of the Section 199 domestic production activities deduction in the Internal Revenue Code. As a result of the manner in which cooperatives are taxed, a repeal of this deduction would not be fully offset by a lower corporate tax rate for CHS and other cooperatives.

Resolution Opposing Repeal of Last-In, First-Out (LIFO) Accounting Method

Issue: Preservation of LIFO Accounting Method for cooperatives

Adopted Policy: CHS supports the LIFO accounting method for taxation of inventory and opposes any legislation that would repeal it. Repeal of LIFO would result in an accounting gain produced by changing the cost assumption associated with inventory. This gain would produce a significant tax liability for the company without generating any proceeds to pay the associated tax. Taxation of LIFO reserves would be the equivalent of a retroactive tax on the savings of a cooperative.

Resolution Supporting the Agricultural Credit System

Issue: The Agricultural Credit System

Adopted Policy: CHS believes an effective agricultural credit system enhances the flow of needed capital to rural areas and provides the financial services essential for marketing agricultural products in the global marketplace.

Resolution Supporting Programs that Expand Participation in Cooperatives

Issue: Government programs that encourage participation in cooperatives

Adopted Policy: CHS believes Congress should support government loan guarantee and value-added grant programs that can expand opportunities for production agriculture to participate in value-added cooperatives.

Resolution Supporting Education and Leadership Programs

Issue: Need for agricultural education and leadership programs

Adopted Policy: CHS supports education and leadership programs that invest in the future of agriculture, cooperative business, consumer education and rural America. We encourage public-private partnerships to fund our college and university systems, cooperative education and youth leadership programs.

Resolution Supporting Cooperatives Ability to Raise Equity Capital

Issue: Raising Equity Capital for cooperatives

Adopted Policy: CHS believes Congress and state legislatures should support policies that improve the ability of cooperatives to raise equity capital through preferred stock and other member investment programs.

Resolution Supporting Practical Regulations for Farmers and Cooperatives

Issue: Overregulation of farmers, ranchers and cooperatives

Adopted Policy: CHS believes Congress and regulators at all levels of government should collaborate with farmers, ranchers and cooperatives on regulations that are not overly restrictive and promote production of food, fiber, and energy. CHS is committed to a safe workplace and complies with all workplace rules and regulations. CHS opposes burdensome regulations and excessive enforcement and seeks common ground on matters as they concern environmental health and safety in the workplace.