CONGRESSMAN
FRANK LUCAS
PROUDLY SERVING OKLAHOMA'S THIRD DISTRICT

H.R. XXXX, Protect Farmers from the SEC Act

A Bill to Exclude Agriculture from the SEC Climate Disclosure Rulemaking

In March 2022, the Securities and Exchange Commission (SEC) proposed a rule that would require registrants to include climate-related disclosures in their statements and periodic reports. In addition to a significant amount of information about climate-related risks, a registrant would be required to disclose information about its direct greenhouse gas (GHG) emissions (Scope 1) and indirect emissions from purchased energy (Scope 2). Further, the rule would necessitate disclosure of indirect emissions from upstream and downstream activities (Scope 3). The materiality standard applied to Scope 3 emissions is so unwieldy and convoluted, that public companies will be forced to presume the materiality of Scope 3 emissions data.

This unprecedented Scope 3 disclosure rule would require public companies to report emissions data from farms and ranches of all sizes, since a significant majority of agricultural products will be used or sold by a publicly traded company. The complexity of this rule will manifest throughout a publicly traded company's value chain, burdening all agricultural producers, particularly small and mid-sized farm operations.

In the United States, 98% of all farms are independent, family operations. The gargantuan task of reporting and tracking emissions data would fall to farmers that lack the resources and means to document all of the necessary disclosure information. The increased production costs and difficulty in supplying emissions data to public companies will hinder the ability of U.S. farmers and ranchers to compete in global markets and encourage further market conciliation and vertically integrated supply chains.

What this bill does:

- The bill prohibits the SEC from requiring an issuer of securities to disclose greenhouse gas emissions from upstream and downstream activities in the issuer's value chain arising from a farm.
- The bill defines the production, manufacturing, or harvesting of an agricultural product through the Agricultural Marketing Act of 1946, outlines upstream and downstream activities, and defines greenhouse gases.
- The bill removes the SEC's exemptive authority in relation to this Act.