United States Senate
WASHINGTON, DC 20510

June 10, 2022

The Honorable Gary Gensler
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Dear Chair Gensler,

We write to express our concerns regarding the Securities and Exchange Commission's (SEC) proposed rule on "Enhanced and Standardization of Climate-Related Disclosures for Investors." In particular, we have serious concerns regarding the SEC's regulatory overreach, as well as the impact that this proposed rule will have on the agricultural industry. As such, we urge you to rescind the proposed rule.

On March 21, 2022, the SEC issued a proposed rule that would require publicly traded companies (SEC registrants) to include financially immaterial climate change disclosures in their registration statements and periodic reports. Specifically, the proposed rule requires SEC registrants to disclose information about their direct greenhouse gas emissions (Scope 1), indirect emissions from purchased electricity or other forms of energy (Scope 2), and, if found to be material to investors, greenhouse gas emissions from all activities in its value chain (Scope 3).

While farmers and ranchers have never been subject to SEC oversight, the proposed rule's Scope 3 greenhouse gas emissions reporting requirement would place a major reporting burden on the many agricultural producers that provide raw products to the value-chain. This substantial reporting requirement would significantly burden small, family-owned farms with a new, complex and unreasonable compliance requirement, resulting in costly additional compliance expenses, reduced access to new business opportunities, and potential consolidation in the agriculture industry. It is entirely possible for instance, that these reporting requirements could force producers to track and disclose granular on-farm data regarding individual operations and day-to-day activities in order to stay compliant with the companies that purchase their products. Such a requirement would significantly hinder the productive capacity of our agricultural industry.

Further, we are concerned that the SEC has not done its proper due diligence in conducting a cost-benefit analysis of the impact of this rulemaking on farmers and ranchers. As you know, the Paperwork Reduction Act (PRA), and the Regulatory Flexibility Act (RFA) set forth specific requirements to which agencies, including the SEC, must adhere in the rulemaking process. Specifically, the PRA requires that agencies evaluate the specific need for a government agency to collect information and provide a "specific, objectively supported estimate of burden[1]" on affected entities. In addition, the RFA requires agencies to consider and explicitly describe the impacts of proposed regulations on small entities unless the agency head "certifies that the rule will not, if promulgated, have a significant economic impact on a substantial number of small

[1] 44 USC § 3506(c)(1)(A)(iv)

entities."[2] As you know, in 2020 alone, the agriculture industry contributed over $1 trillion to the U.S. gross domestic product (GDP), and employed nearly 20 million people, accounting for 5% of our GDP, and over 10% of our domestic workforce[3]. Given that this proposed rule could have a significant impact on nearly 5% of our economy, it is only right that the SEC conduct proper due diligence and complete a cost-benefit analysis of the impact of this proposed rule on the agricultural industry before promulgating substantial and unworkable regulations.

The SEC's congressionally-mandated mission is to protect investors; foster fair, orderly, and efficient markets; and facilitate capital formation. However, this proposed rule moves well beyond the SEC's traditional regulatory authority by mandating climate change reporting requirements that will not only regulate publicly traded companies, but will impact every company in the value chain. Should the SEC move forward with this rule, it would be granted unprecedented jurisdiction over America's farms and ranches, creating an impractical regulatory burden for thousands of businesses outside of the scope of the SEC's purview, including our nation's farmers and ranchers.

We believe that this rule reflects a significant overreach of the SEC's traditional financial markets focus, and we urge you to rescind it.

Sincerely,

John Hoeven
United States Senator

Tim Scott
United States Senator

Cynthia M. Lummis
United States Senator

Roger Marshall, M.D.
United States Senator

James E. Risch
United States Senator

Mike Crapo
United States Senator

Steve Daines
United States Senator

Thom Tillis
United States Senator

[2] 5 USC §§ 603(a), 604(a), 605(b), & 609(a)

[3] Economic Research Service, U.S. Department of Agriculture

Richard Burr
United States Senator

John Barrasso, M.D.
United States Senator

Tom Cotton
United States Senator

Chuck Grassley
United States Senator

Deb Fischer
United States Senator

Kevin Cramer
United States Senator

Bill Cassidy, M.D.
United States Senator

Ted Cruz
United States Senator

Bill Hagerty
United States Senator

Rick Scott
United States Senator

Roger F. Wicker
United States Senator

Tommy Tuberville
United States Senator

John Kennedy
United States Senator

Mike Braun
United States Senator

M. Michael Rounds
United States Senator

James Lankford
United States Senator

Jerry Moran
United States Senator

John Thune
United States Senator

John Boozman
United States Senator

Joni Ernst
United States Senator

John Cornyn
United States Senator

Lindsay O. Graham
United States Senator

Todd Young
United States Senator

Josh Hawley
United States Senator