

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE RESOLUTION 1174

Sponsors: Representative McNeely.

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Calendar 6/22/2022

June 20, 2022

1 A HOUSE RESOLUTION URGING CONGRESS TO OPPOSE THE SECURITIES AND
2 EXCHANGE COMMISSION'S PROPOSED RULE ON "THE ENHANCEMENT AND
3 STANDARDIZATION OF CLIMATE-RELATED DISCLOSURES FOR INVESTORS"
4 AS IT RELATES TO AGRICULTURE.

5 Whereas, the Securities and Exchange Commission (SEC) has proposed a rule on
6 "The Enhancement and Standardization of Climate-related Disclosures for Investors," which
7 includes a requirement that public companies disclose their Scope 3 greenhouse gas emissions.
8 This requirement would become de facto regulation of all farms by the SEC and would require
9 farms of all sizes to disclose a significant amount of information on climate-related items that
10 they very well may be currently unable to quantify; and

11 Whereas, this rule would impact the State's agriculture industry significantly; and

12 Whereas, agriculture contributes 92.9 billion dollars to our State's economy annually,
13 making it the State's number one industry; and

14 Whereas, farmgate sales provide nearly a tenth of this total, with robust
15 manufacturing, wholesale, and retail operations accounting for the remainder; and

16 Whereas, in North Carolina, 98% of farms are family owned and operated.
17 Additionally, of the 46,000 farms in our State, nearly 80% have revenues of \$50,000 or less.
18 These farms are not corporations with sophisticated compliance departments with dedicated
19 staffing resources like you would find in a publicly traded company, nor should they be treated
20 as such. Imposing additional reporting requirements around climate-related metrics would
21 distract farms of all sizes from their focus on producing food, fiber, and fuel; and

22 Whereas, given the challenges currently facing the farm economy from inflation and
23 increased expenses, this additional regulatory burden could cause family farms to cease
24 operations; and

25 Whereas, with the strong potential for food shortages in the near future, now is not
26 the time for the SEC to reach beyond its purview and take action that could further stress our
27 nation's food insecurity for the most vulnerable members of our society; and

28 Whereas, the House of Representatives urges Congress to take action in opposing the
29 SEC's new rule; Now, therefore,

30 Be it resolved by the House of Representatives:

31 **SECTION 1.** The House of Representatives urges Congress to oppose the Securities
32 and Exchange Commission's proposed rule that would require public companies to disclose their
33 Scope 3 greenhouse gas emissions as this requirement would impact, and potentially harm, the
34 State's agriculture industry.

35 **SECTION 2.** The Principal Clerk shall transmit a copy of this resolution to the
36 Securities and Exchange Commission.



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SECTION 3. This resolution is effective upon adoption.