

## The “Top 10” Ag Law and Tax Developments of 2025: Number 4

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January 2026*

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In a landmark ruling delivered in late 2025, the U.S. Supreme Court significantly narrowed the scope of the National Environmental Policy Act (NEPA).<sup>1</sup> The decision clarifies the extent to which federal agencies must consider indirect environmental impacts – specifically greenhouse gas (GHG) emissions and “climate change” – when approving infrastructure projects. For farmers, ranchers, and rural landowners, this ruling is a major victory that promises to reduce regulatory delays and protect traditional land-use rights.

The case reached the Supreme Court after years of “regulatory yo-yoing” regarding NEPA’s implementation. Federal agencies had increasingly used NEPA to require exhaustive, multi-year climate impact statements for projects that had only a remote connection to federal authority. The Supreme Court’s decision established a strict “but-for” causation standard. The Court ruled that an agency is only responsible for environmental effects that are directly caused by federal action and are within the agency’s statutory authority to regulate. By doing so, the Court struck down the “cumulative effects” doctrine that often forced local projects (such as small-scale irrigation improvements or grazing permits) to account for global climate trends, a requirement that had become a primary tool for litigation-based delays.

Agricultural operations rely on the timely approval of infrastructure, including pipelines, rural electric transmission lines, and water storage projects. Under the old NEPA interpretation, these projects were frequently stalled for years by “paralysis by analysis.” The 2025 ruling prevents activists from using NEPA to block projects based on broad climate concerns that the acting agency has no power to control. For ranchers with federal grazing allotments, NEPA compliance is a recurring hurdle. Previous interpretations required the Bureau of Land Management (BLM) or the Forest Service to analyze the “global” impact of livestock methane emissions before renewing a permit. The Supreme Court ruling simplifies this process, focusing the analysis on the local condition of the range rather than speculative global climate modeling.

Historically, rural landowners were caught in the crossfire of lawsuits filed by environmental groups against federal agencies. By narrowing the range of impacts an agency must consider, the Court has simultaneously narrowed the grounds upon which a project can be challenged in court. This provides “regulatory finality,” ensuring that once a permit is granted, it is much harder to overturn on technical NEPA grounds.

The Supreme Court’s decision represents a return to the statute’s original intent: ensuring agencies take a “hard look” at immediate environmental consequences without overstepping their legislative bounds. For farmers and ranchers, this translates to lower costs, faster approvals, and a significant reduction in the bureaucratic red tape that has hampered rural development for decades.

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<sup>1</sup> *Seven County Infrastructure Coal v. Eagle County*, 605 U.S. 168 (2025).