

Manager's Amendment to HR 2419—Summary

Title I – Commodity

Availability of Revenue Based Counter Cyclical Payments. The amendment adding a new section 1104 provides producers with one-time choice between participating in current counter-cyclical program or NEW revenue counter-cyclical program (RCCP). It authorizes an option for revenue counter-cyclical payments for 2008-2012 crop years to producers for which base acres and payment yields are established. RCCP payments are made when national actual revenue per acre is less than the national target revenue per acre.

The program establishes a national target revenue per acre and national payment yields per acre for each commodity as described in Administration RCCP proposal. It sets a national payment rate for RCCP payments equal the difference between national target revenue per acre and national actual revenue per acre divided by the national payment yield. When triggered, revenue counter-cyclical payments will equal the product of the national payment rate, the payment acres, and the payment yield for current counter-cyclical payments. It also authorizes partial revenue counter-cyclical payments until 2011 crop year.

Dairy Forward Pricing: Authorizes the Secretary to re-establish the dairy forward pricing program, under which milk producers may voluntarily enter into forward price contracts with milk handlers for milk that is not Class I. Prohibits milk handlers from requiring participation on the part of producers as a condition for purchasing milk from such producers, and a producer receiving an offer for a forward contract may continue to have their milk priced under the FMMO. Requires the Secretary to investigate complaints by producers of coercion by handlers, and, if the Secretary finds such coercion, the Secretary must take appropriate action. Terminates the program in September 2012, but allows contracts entered-into under the program to extend to September 2015.

Federal Milk Marketing Order Review Commission: Establishes the Federal Milk Marketing Order Review Commission to review and evaluate Federal and non-Federal milk marketing order systems. The commission will consider legislative and regulatory options for several issues including ensuring the competitiveness of dairy products, enhancing the

competitiveness of American dairy producers in world markets, and streamlining the process for amending Federal milk marketing orders. Requires the commission to issue a report to Congress and the Secretary of Agriculture with the results of the review and evaluation conducted under this section. The report shall be issued within two years of the first meeting of the commission. The commission is wholly advisory in nature, and the recommendations it issues are non-binding.

Section 1503.--Payment Limit/AGI changes

Under current law, individuals with 3-year average AGI greater than \$2.5 million are ineligible for farm program payments (commodity and conservation) unless 75% of income is agriculturally-related, in which case the \$2.5 million limit does not apply. Under the amendment:

- 1) Individuals with 3-year average AGI greater than \$1 million are ineligible for farm program payments (commodity and conservation), with no exceptions.
- 2) Individuals with 3-year average AGI between \$500,000 and \$1 million are ineligible for farm program payments (commodity and conservation) UNLESS 66.66% of income is agriculturally-related in which case the limit does not apply.

Three-Entity Rule/Direct Attribution

Under current law, a producer may elect to receive farm program payments directly and indirectly through up to two additional entities (general partnerships, corporations, etc.) in which they have an ownership stake. Current statutory payments limits on farm programs apply to the producer for payments received directly. Payments through the other two entities are separate and set at half current statutory payment limits. Therefore, by using this “three-entity rule,” a producer can effectively overcome current payment limits and collect up to double the statutorily set limits. The amendment eliminates the “three-entity rule” and provides for direct attribution of farm program payments to the individual producer and his/her statutorily-set limits whether received directly or indirectly. Consequently, this avenue for a producer to potentially double the limit of the statutory payment limits is closed.

Marketing Loan Benefits

Under current law, there is a limit of \$75,000 on the amount of marketing loan benefits a producer/entity may receive. However, through the use of marketing loan certificates, a producer/entity can surpass this limit. The use of certificates obscure who is obtaining these marketing loan benefits. The amendment removes limit on marketing loan benefits. This makes

marketing loan certificates useless, which provides greater transparency on how much and who is receiving these benefits. Given that the marketing loan is the bottom line safety net for all program crop producers and applies to all production of program crops, removing the limits maintains the strength of this component of the farm safety net while still producing cost savings.

Direct Payments

Under current law, individuals and entities may only receive up to \$40,000 from the direct payment program. Under the amendment, individuals and entities would only be able to only receive up to \$60,000 from the direct payment program.

Peanut Mandatory Reporting: strikes the peanut mandatory reporting section

TITLE II: CONSERVATION

SEC. 2101. CRP. Alfalfa grown as part of a rotation practice is a commodity subject to cropping history criteria in determining whether highly erodible cropland has been considered planted.

SEC. 2102 WRP: Decreases WRP maximum enrollment from 3,775,000 to 3,605,000 acres.

SEC. 2103 CSP: Allows the Secretary to make additional considerations when allocating funds to states in order to achieve equitable geographic distribution of funds.

SEC. 2104 GRP: Requires the Secretary to enroll an additional 1,000,000 acres in GRP during fiscal years 2008-2012.

SEC. 2105 EQIP: The Secretary is required to increase cost-share amount for beginning, socially disadvantaged and limited resource farmers and ranchers; From EQIP funds, rather than \$20 M/year, the following amounts shall be used for Conservation Innovation Grants: \$30M/FY '08; \$35M/FY '09; \$50M/FY '10; \$60M/FY '11; \$75M/FY '12; From CIG funds, \$10M/FY '08; \$15M/FY '09; \$30M/FY '10; \$40M/FY '11; \$55M/FY '12 shall be used for air quality improvement and state incentives to help producers meet air quality regulatory requirements; Strike 1240J Performance Incentives for States.

SEC. 2106. RWEP: Adds new criteria under selection of proposals: proposals that assist producers in meeting a regulatory requirement that reduces the economic scope of their operation.

SEC. 2110. FRPP: Changes reversionary interest language to allow the federal government to retain a federal contingent right of enforcement or executory limitation in an easement to ensure its enforcement. This right shall not be considered an acquisition of property.

SEC. 2112. WHIP: Increases cost-share for long-term agreements and activities that assist producers in meeting a regulatory requirement that impacts the economic scope of their operation from 15 to 25 percent.

SEC. 2301. Chesapeake Bay Program: Changes amount of funds available to the program from \$20M to \$15M in FY '09; from \$25M to \$30M in FY '10; from \$45M to \$40M in FY '11; and from \$50M to \$55M in FY '12.

SEC. 2407. PAYMENT LIMITATION. Imposes payment limitation of \$60,000 for any single program, \$125,000 for payments from more than one program. This limitation does not apply to easement programs.

Title III -- Trade

Makes technical amendments and removes authorization for AID to make contributions to the World Food Program for support costs.

Title IV – Nutrition Programs

SEC.4002.

Changes the language of the traditional and local foods fund to specify that at least 50 percent of the food distributed from the fund is to be produced by Native American farmers, ranchers, and producers.

SEC.4006

Amends the “Review of Major Changes in Program Design” section to allow State agencies to contract for automated systems; also allows the Secretary to authorize State agencies, on a temporary basis, to use non-merit employees in order to determine eligibility in the case of disasters.

SEC.4019.

Technical correction to extend the Temporary Emergency Food Assistance program to FY12.

SEC. 4303. EXPANSION OF FRESH FRUIT AND VEGETABLE PROGRAM.

Amends the Richard B. Russell National School Lunch Act to increase funding for the fresh fruit and vegetable program to \$70,000,000 in each of fiscal years 2008 through 2012, and expands the program 35 schools in each State, plus additional schools in each State in proportion to the student population of the State.

Title V – Credit**SEC.525**

Technical correction that prohibits the Secretary from reviewing or entering into contracts with private parties to carry out any functions, including those performed by support personnel, that are related to rural development and farm loan programs.

SEC.531

- Page 20, line 11, technical correction which inserts “or (b)(1)(F)” to include the “Majority Farmer Control Requirement” in the agribusiness loan provision.
- Page 22, line 14, technical correction which inserts “or (b)(1)(F)” to include the “Majority Farmer Control Requirement” in the agribusiness loan provision for short- and immediate-term loans.

SEC.533

Amends the section by striking the provision regarding “the urbanized area contiguous and adjacent to such a city or town”; the Manager’s Amendment language strikes “2,500” and inserts “6,000” as the population limit for “rural area” with respect to rural housing purposes.

SEC.535

- Technical correction that inserts the phrase: “as amended by section 531(c) of this Act” before “is amended”.

- Technical correction that strikes the “(E)” as the paragraph reference and inserts “(F)”, with respect to the Majority Control Requirement paragraph, because paragraph (E) is already designated by the agribusiness loan paragraph.

Adds a new section at the end of the title, which authorizes the Secretary to make and insure loans as provided in section 309 of the Consolidated Farm and Rural Development Act to eligible purchases of highly fractioned land.

Title VI – Rural Development

SEC.6005

Eliminates the specific criteria for how the Federal share of the grants in this program are dealt with. The language allows the Secretary more flexibility in setting the Federal share, but prohibits the Secretary from requiring non-Federal financial support in an amount that is greater than 5 percent of the total cost.

SEC.6013

Allows for the Secretary to use “other factors” in addition to population density and seasonal population increases. Strikes the section specifying the criteria the Secretary is to use when considering an application from a community less favorably when compared to other applications with respect to rural development funds.

SEC.6022

Changes the language on pg 30, line 2 from “services to at least 5 percent of” to “service to at least 5 percent of the households in”.

- Changes the language on page 30, line 17-20 to read: “(iii) 2 incumbent service providers who, together, serve not more than 25 percent of the households in the service area proposed in the application.”
- Changes the language to specify when the Secretary is not allowed to make a loan to an eligible community when it is served by 3 or more incumbent service providers.

TITLE VII – Research

SEC. 7222. HISPANIC SERVING AGRICULTURAL COLLEGES: Changes Section header, and all references to HSACs throughout the title to “Hispanic Serving Agricultural Colleges and Universities” or HSACUs; Changes HSACU definition to require that they offer other accredited degree programs as an alternative to an associate or bachelor’s degree.

SEC. 7310. ORGANIC RESEARCH: Adds \$25M for FYs '08-'12, in addition to current authorization of appropriations.

SEC. 7312. NEW ERA RURAL TECHNOLOGY PROGRAM: Changes eligible entities from community colleges to rural community colleges; Adds priority for rural community colleges working in partnership to improve information sharing capacity.

SEC. 7411. SPECIALTY CROP RESEARCH INITIATIVE: Adds \$215M for FY's '08-'12 in addition to current authorization of appropriations.

SEC. 7511. FRESH CUT PRODUCE SAFETY GRANTS: Adds \$25M for FY's '08-'12 in addition to current authorization of appropriations.

Title IX—Energy

Biomass R&D: Includes language to improve dried distillers grain quality and clarifies the role of commercial applications in the objectives of the Biomass Research and Development Initiative. Requires the Secretary to submit a management plan to Congress every five years evaluating the success of the Initiative.

Adds renewable diesel to the Bioenergy Program (section 9010 of the 2002 farm bill).

Makes a technical correction to the Feedstock Flexibility Program to ensure that storage fees are not paid by the Commodity Credit Corporation.

Biomass Inventory Report—Requires the Secretary to conduct an inventory of biomass resources on a county by county basis.

Title X – Horticulture and Organic Agriculture

For the Specialty Crop Block Grants, add an additional \$100M for FY's '08-'12 to what we have in the base bill.

For the Clean Plant Network, add \$20M for FY's '08-'12, in addition to current authorization of appropriations.

Title XI – Miscellaneous

Technical correction to p. 10, line 3: sets the administrative and operating expense reimbursement rate for the reinsurance year 2008 at the current level, 24.5 percent.

SEC. 11005. CROP INSURANCE INELIGIBILITY RELATED TO CROP PRODUCTION ON NONCROPLAND.

Provides that noncropland acreage planted with an agricultural commodity for which insurance is available under this title is not eligible for crop insurance under this title for the first four years of planting, subject to exceptions. In the fifth year of planting, the producer may purchase crop insurance for the commodity. The yield for such insurance shall be determined by using actual production history for the farm and, for years without actual production history, using the average actual production history for the commodity in the county.

Data Mining: Authorizes the Federal Crop Insurance Corporation to use not more than \$11 million during fiscal year 2008, and not more than \$7 million during fiscal year 2009 and each subsequent fiscal year for crop insurance program compliance and integrity, including data mining.

Coordinator for Chronically Underserved Rural Areas: inserts a section which authorizes the Secretary to establish a Coordinator for Chronically Underserved Rural Areas, to be located in USDA's Office of Outreach. The mission of the Coordinator is to direct USDA's resources to high need, high poverty rural areas.

Interstate Shipment of State Inspected Meat: inserts the amendment from the Subcommittee on Livestock, Dairy and Poultry that amends the Federal

Meat Inspection Act and the Poultry Products Inspection Act to allow State inspected meat and poultry to be shipped in interstate commerce.