

MISSOURI NEWS SCENE

Sen. Bond: Cap and trade hits farmers hard

By JERILYN JOHNSON

SEN. Kit Bond is fearful that the Democrats' cap-and-trade legislation will have a disastrous effect on Missouri farmers. To prove his point, he asked the Food and Agricultural Policy Research Institute at the University of Missouri to conduct an economic study. The FAPRI analysis found that the legislation would cost the average Missouri farmer an additional \$11,000 a year in 2020, and more than \$30,000 a year by 2050.

During a July 14 Senate Environment and Public Works Committee hearing, Bond outlined the higher costs Missouri farmers will face under H.R. 2454, the American Clean Energy and Security Act of 2009, sponsored by Reps. Henry Waxman and Edward Markey. He called the current bill a "new bureaucratic nightmare that will impose new energy taxes, kill jobs and punish Midwest farmers."

The FAPRI study examined farm production costs representative of Missouri farms across the state. It found that under cap-and-trade legislation, farmers would face higher costs for seed, fertilizer, chemicals, custom hire and rental, machinery fuel, drying and irrigation energy, machinery repairs and operating interests.

Specifically, researchers at FAPRI found that a farm representative of a 1,900-acre feed grain-soybean farm in Lafayette County would face an extra \$11,649 in energy costs in 2020, rising to \$30,152 in 2050.

The FAPRI report is not a full analysis of the impact of H.R. 2454 on Missouri crop producers. It does not incorporate the likely responses by producers to these changes in production costs.

As input costs increase, producers could adjust input usage and the mix of crops produced, with implications for crop yields, production and prices, reported Pat Westhoff, MU-FAPRI co-director. Crop prices would also be affected by any impact of H.R. 2454 on biofuel production. This analysis also did not consider any gains that Missouri crop producers could receive by selling carbon credits.

All of these issues remain

Key Points

- Bond testifies on high cost of cap-and-trade legislation.
- FAPRI conducts economic study on cost to Missouri crop farm.
- Planting trees instead of grain crops does not pencil out.

important to include in any overall analysis of H.R. 2454.

Tree versus crop income

Bond also took aim at the massive costs associated with carbon-offset programs being supported by the Obama administration and congressional Democrats. Many have suggested farmers begin planting trees to earn carbon-sequestration revenue.

The Missouri senator acknowledged the benefits of planting trees, sharing with Sen. Barbara Boxer, a Democrat from California, at the Senate EPW Committee hearing the fact that he has planted more than 10,000 trees on his property near Mexico, Mo. Growing trees instead of crops, he pointed out, does not make economic sense for all farms.

"According to a local Missouri nursery, to plant trees



RED TAPE: At a U.S. Senate Environment and Public Works Committee hearing, Sen. Kit Bond (far left, seated) said the Waxman-Markey bill is a "bureaucratic nightmare" that would punish farmers.

on a 1,900-acre farm would cost more than \$2 million, a cost of \$1,200 per acre. This investment would earn a farmer only \$75 per acre in sequestration revenue rather than the \$750 per acre that farmer would have made from a corn and soybean harvest. It's an investment that will not pencil out for any Missouri farmer," Bond said.

Rather than massive taxes on Missouri farmers and families, Bond said he supports reducing carbon emissions

through increased use of zero-carbon nuclear power, low-carbon biofuels, increased investment in clean coal technologies, hybrid vehicles, and solar and wind power where it makes economic sense.

Recommended reading

To read a summary of the MU-FAPRI study No. 05-09, "The Effect of Higher Energy Prices from H.R. 2454 on Missouri Crop Production Costs," visit www.fapri.missouri.edu.

Climate change bill on hold until September

CLIMATE change legislation will remain in the Senate Environment and Public Works Committee until September, when Congress returns from its summer recess. The move was expected to give negotiators and their aides an extra month to work on the controversial legislation.

The delay was agreed to in a meeting with Sens. Barbara Boxer, a California Democrat, and majority leader Harry Reid, a Nevada Democrat; and Carol Browner, the White House coordinator of energy and climate policy. Reid had originally declared a deadline of Sept. 18 for all committees to finish their work on the bill. That deadline is now Sept. 28.

The delay will give Boxer more time to work on legislative text. Her bill will be modeled on legislation that narrowly passed the House in June, which would cap greenhouse gas emissions that lead to global warming, and create a system for buying and selling emissions permits. However, Boxer will likely have to make significant changes to the House bill in order to win support for her measure — even among Democrats.

Senate Agriculture Committee Chairman Tom Harkin, an Iowa Democrat, announced that despite the delay, he planned to hold a climate change hearing on July 22. Harkin and other members said they want to ensure climate legislation in the Senate will include all provisions that the House Agriculture Committee chairman, Rep. Collin Peterson, a Minnesota Democrat, secured for agriculture in the House measure. Harkin said he'd like to build on Peterson's language in the Senate bill, including more open offsets for sequestration and the ability for farmers to use land enrolled in farm-bill conservation programs to gain carbon offsets. Harkin would also like to handle ethanol, with language to raise the blend rate from 10% to 15%.

Sen. Saxby Chambliss, a Georgia Republican, said he expected to see more interest in agriculture on the Senate side since every senator has some farm interests in his or her state. Sen. Kent Conrad, a North Dakota Democrat, already started meeting with key members of the Environment and Public Works Committee in an attempt to make sure ag concerns are addressed earlier in the negotiation stages than they were in the House.

Senators want a cost breakdown

U.S. Sens. Mike Johanns, a Nebraska Republican, and Saxby Chambliss, a Georgia Republican and the Senate Ag Committee ranking member, have asked Secretary of Agriculture Tom Vilsack to come up with an analysis of the cost of the American Clean Energy and Security Act of 2009 for agricultural producers.

Johanns wants to see the analysis organized by commodity and by state.

He says the USDA analysis is important because cap and trade will have tremendously different consequences for different agricultural industries, and for different regions of the country.

Chambliss has sent similar letters to Environmental Protection Agency Administrator Lisa Jackson and USDA chief economist Joseph Glauber, requesting an economic analysis of the legislation.

Chambliss says understanding the costs producers, consumers and others will bear as a result of H.R. 2454 is important as the Senate takes up the legislation in September.