

Farm bill veto?

What others say about the farm bill



FINDING MIDDLE GROUND: USDA Secretary Mike Johanns says the new farm bill will be based on the framework of the 2002 bill.

By PAULA MOHR

SOON after the U.S. House of Representatives passed its version of a new farm bill, the Bush administration said it would face a veto. That bill made a first-time investment in fruit and vegetable production, maintained a safety net for farmers, and provided details of conservation, nutrition and renewable-energy programs.

"We've got a long ways to go [before the final farm bill version comes out]," says Rep. Collin Peterson, D-Minn., House Ag Committee chairman. Peterson participated in a farm-bill panel discussion at Farmfest in early August. The Senate is expected to issue its version of the farm bill sometime this month. The current 2002 Farm Bill expires on Sept. 30.

Overall, Peterson is pleased with his committee's work.

"I am proud of the balanced and forward-looking farm bill that we have passed supporting conservation, nutrition, rural renewable energy, labor and farm country," he says. "A lot of people helped us. I'm most proud of the support by the Minnesota Farmers Union and Minnesota Farm Bureau. That broad support for a farm bill has not happened before."

Highlights of Farm Bill H.R. 2419 include:

- investing more than \$1.6 billion in priorities to strengthen and support the fruit and vegetable industry in the U.S. (A new section for horticulture and organic agriculture includes nutrition, research, pest management and trade promotion programs.)
- implementing mandatory

Key Points

- Payment limits are not low enough for President Bush.
- Fruit and vegetable growers are in farm bill for first time.
- The Senate issues its version of the farm bill this month.

country-of-origin labeling for fruit, vegetables and meat after years of delay

- expanding the USDA Snack Program, which helps schools provide healthy snacks to students during after-school activities, to all 50 states, and continuing the Department of Defense Fresh Fruit and Vegetable Program, which provides a variety of fresh produce to schools

- strengthening and enhancing the food stamp program by reforming benefit rules to improve coverage of food costs

- including key provisions that invest in rural communities nationwide, such as economic development programs and access to broadband telecommunication services

- providing farmers participating in commodity programs with a choice between traditional price protection and new market-oriented revenue coverage payments

- strengthening payment limits to ensure that people making more than \$1 million a year (adjusted gross income) cannot collect conservation and farm program payments, and closing loopholes that allow people to avoid payment limits by receiving money through multiple business units
- extending and making

House farm bill specifics

HERE are several specifics in the House version of the 2007 Farm Bill.

Commodity title:

- cap of \$1 million on average adjusted gross income for eligibility to receive farm program payments
- requires that those with average AGI of \$500,000 or greater must receive 67% of their income from the farm in order to receive farm program payments
- three-entity rule eliminated
- total payment cap for direct and countercyclical payments for a single farmer reduced from \$210,000 to \$125,000
- option to enroll in a new revenue-based countercyclical program
- increased target prices for wheat, barley, oats, oilseeds and soybeans; rebalanced loan rates on wheat, barley, oats, oilseeds, small chickpeas and graded wool

Conservation title:

- authorizes 39.2 million acres to be enrolled in Conservation Reserve Program through 2012
- invests \$2 billion over five years to re-establish a baseline and extend the Wetlands Reserve Program through 2012
- invests up to \$2 billion in expanding the Environmental Quality Incentives Program through 2012
- replaces three-tier Conservation Security

significant new investments in the Conservation Reserve Program, Wetlands Reserve Program, Environmental Quality Incentive Program, and Farm and Ranchland Protection Program

- making new investments in renewable-energy research, development and production in rural America

- rebalancing loan rates and target prices among commodities, achieving greater regional equity

- establishing a new National Agriculture Research Program Office to coordinate the programs and activities of USDA's research agencies to minimize duplication and maximize coordination at all levels, and creating a competitive grants program

What administration says

USDA Secretary Mike Johanns explained the Bush administration does not like the House version of the farm bill because it believes payment limits are not low enough, and the budget offset would result in a tax in-

Program structure with an annual stewardship enhancement payment

Energy title:

- provides loan guarantees for biorefineries and biofuels production plants
- provides \$10 million to continue the Biodiesel Education Program
- increases funding for the Rural Energy for America Program, which includes loans for farmers who invest in renewable energy.
- establishes a Biomass Energy Reserve Program to encourage production of feedstocks for cellulosic ethanol and provides for five-year contracts for producers to grow dedicated energy crops
- provides \$75 million to create a forest biomass research program

Horticulture, organic title:

- provides \$365 million to expand the specialty-crop block-grant program
- provides \$22 million in funding for USDA's cost-share program
- provides \$3 million for organic marketing data collection and publication
- provides \$32 million to expand direct-marketing opportunities
- expands USDA's purchase of fruits, vegetables and nuts by \$406 million

The Minnesota Farmers Union: "The farm bill ends years of delays to implement mandatory country-of-origin labeling. MFU has been advocating for the labeling law for 15 years, and after five years of delays, consumers will finally know where their food comes from," says Doug Peterson, MFU president.

Competition reforms, such as a ban on packer ownership of livestock, were not addressed in the House version. MFU says it hopes the Senate will be able to find disaster funds and address some of the issues with competition reforms.

The Minnesota Association of Cooperatives: "We are pleased that the House passed the 2007 Farm Bill, which extends programs such as MLC through the life of the bill," says Bill Oemichen, MAC president and CEO. "The passage of this bipartisan legislation maintains a safety net for Minnesota's farmers and cooperative members."

The National Milk Producers Federation: In terms of dairy policy pursued by NMPF, the House farm bill contains a revised dairy-price-support program; an extension of the Milk Income Loss Contract program; language to implement the dairy checkoff on imported dairy products; a forward-contracting program with significant producer protections; and an expedited milk marketing order hearing process.



LONG HAUL: After the farm bill passes, U.S. Rep. Collin Peterson says the House Ag Committee will oversee its implementation.

crease. President Bush wants a \$200,000 payment limit and no tax increase.

"We don't think \$500,000 is going to trigger anything, and AGI [adjusted gross income] would be \$2 million with a spouse. Less than 7,000 people would be affected," Johanns says. "So you would still see stories about people in New York City or San Francisco getting farm payments."

Peterson takes issue with the administration calling the offset a tax increase. He says a foreign tax loophole was closed to fund offset for the farm bill.

"Had I not got the offset, [funding] would have come out of farm programs and the safety net," Peterson says.

Visit the House Ag Committee Web site — agriculture.house.gov — for more information.