

CRS Report for Congress

The House-Passed 2007 Farm Bill (H.R. 2419) at a Glance

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**Prepared for Members and
Committees of Congress**

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Summary

This report describes the major provisions in the House-passed 2007 farm bill (H.R. 2419, H.Rept. 110-256) and compares them with current law. By title, major provisions in H.R. 2419 are as follows:

- **Title I, Commodity Programs:** Changes payment limits, modifies loan rates and target prices among commodities, and adds a revenue counter-cyclical payment option, among other program changes.
- **Title II, Conservation:** Reauthorizes, expands, and/or modifies existing programs, and creates new programs and initiatives.
- **Title III, Agricultural Trade and Aid:** Reauthorizes funding for USDA's food aid, export market development, and export credit guarantee programs; addresses barriers to U.S. agriculture exports.
- **Title IV, Nutrition:** Increases food stamp benefits and modifies food stamp eligibility rules, limits state food stamp "privatization" initiatives, allows "geographic preference" when buying food for schools, and adds money for fresh fruit and vegetable programs for schools and The Emergency Food Assistance Program (TEFAP).
- **Title V, Agricultural Credit:** Expands borrowing opportunities under USDA's Farm Service Agency loan programs, but does not allow expansion of Farm Credit System lending, as originally allowed in the House-reported bill.
- **Title VI, Rural Development:** Reauthorizes, expands, and/or modifies existing programs, creates new programs, and allows some to expire.
- **Title VII, Research:** Reorganizes the administration of USDA's research, extension, and economic agencies, requires the President to submit a unified annual budget across agencies, and establishes a new national institution to administer all competitive programs.
- **Title VIII, Forestry:** Proposes changes to existing forestry provisions and allows one program to expire.
- **Title IX, Energy:** Reauthorizes, expands, and/or modifies existing programs, and creates new programs and initiatives.
- **Title X, Horticulture and Organic Agriculture:** Creates a new farm bill title and provides mandatory funding over five years for specialty crop block grants; and provides additional mandatory funding in the areas of pest and disease detection, purchases for nutrition programs, direct producer-to-consumer marketing, and organic certification cost-sharing.
- **Title XI, Miscellaneous:** Changes to crop insurance, animal welfare and inspections, and country-of-origin labeling, among others.

The House-passed H.R. 2419 also authorizes budget offsets to compensate for additional spending on programs in the nutrition and energy titles. Background and additional information are available in CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110th Congress*, coordinated by Renée Johnson.

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The House-Passed 2007 Farm Bill (H.R. 2419) at a Glance

This report describes the major provisions in the House-passed 2007 farm bill (H.R. 2419, H.Rept. 110-256) and compares them with current law. This comparison does not provide an exhaustive list of all provisions by individual sections or subsections within each title. Nor does it provide a detailed discussion of the budget offsets to cover additional spending on programs in the nutrition and energy titles that were adopted as part of the Manager's Amendment and En Bloc Reserve Fund Amendment.¹

By farm bill title, major provisions in H.R. 2419 and under current law are as follows:

- **Title I, Commodity Programs:** Current law covers income and price support to growers of selected farm commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and milk. Commodity support is largely through direct payments, counter-cyclical payments, and marketing loans, along with other support mechanisms including government purchases, marketing quotas, and import barriers. H.R. 2419 makes changes to payment limits, modifies loan rates and target prices among commodities, and adds a revenue counter-cyclical payment option, among other program changes.
- **Title II, Conservation:** Current law contains authority for programs that encourage the environmental stewardship of farmlands and improved management practices through land retirement and working lands programs, among other programs geared to farmland conservation, preservation, and resource protection. H.R. 2419 reauthorizes, expands, and/or modifies existing programs, and creates new programs and initiatives.
- **Title III, Agricultural Trade and Aid:** Current law contains authority for U.S. agricultural exports and international food assistance programs, and various World Trade Organization obligations. H.R. 2419 reauthorizes funding for USDA's international food aid export market development, export credits, and export guarantees, as well as addressing barriers to U.S. agriculture exports.
- **Title IV, Nutrition:** Current law governs the domestic food and nutrition and commodity distribution programs, such as food stamps and other supplemental food assistance. H.R. 2419 increases food

¹ Text on the adopted amendments is available from the House Rules Committee at [http://www.rules.house.gov/110/special_rules/hr2419/parta_2419.pdf].

stamp benefits and modifies food stamp eligibility rules, limits state food stamp “privatization” initiatives, allows “geographic preference” when buying food for schools, and adds money for fresh fruit and vegetable programs for schools and The Emergency Food Assistance Program (TEFAP).

- **Title V, Agricultural Credit:** Current law addresses federal direct and guaranteed farm loan program issues, including loan eligibility rules and other policies. H.R. 2419 expands borrowing opportunities under USDA’s Farm Service Agency loan program. It does not allow expansion of Farm Credit System lending, as originally allowed in the House-reported bill.
- **Title VI, Rural Development:** Current law contains authority for rural business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including expanding rural broadband access. H.R. 2419 reauthorizes, expands, and/or modifies existing programs, creates new programs, and allows some provisions to expire.
- **Title VII, Research:** Current law covers agricultural research and extension programs, including biosecurity and response, biotechnology, and organic production. H.R. 2419 reorganizes the administration of USDA’s research, extension, and economic agencies, requires the President to submit a unified annual budget across agencies, and establishes a new national institution to administer all competitive programs.
- **Title VIII, Forestry:** Current law contains authority for USDA Forest Service programs, including forestry management, enhancement, and agroforestry programs. H.R. 2419 changes existing forestry provisions and allows one program to expire.
- **Title IX, Energy:** Current law contains authority for bioenergy programs and grants for procurement of biobased products to support development of biorefineries and to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems and for bioenergy use. H.R. 2419 reauthorizes, expands, and/or modifies existing programs, and creates new programs and initiatives.
- **Title X, Horticulture and Organic Agriculture:** The 2002 farm (P.L. 107-171) bill did not contain a separate horticulture title. H.R. 2419 provides mandatory funding over five years for specialty crop block grants and additional mandatory funding for pest and disease detection, purchases for nutrition programs, direct producer-to-consumer marketing, and organic certification cost-sharing.
- **Title XI, Miscellaneous:** This title covers other USDA programs and assistance, which is modified by H.R. 2419, including the current crop insurance program, animal welfare and inspections, and country-of-origin labeling requirements, among other provisions.

Background and additional information are available in CRS Report RL33934, *Farm Bill Proposals and Legislative Action in the 110th Congress*. Also see the CRS Farm Bill and Farm Policy current legislative issues Web page at [http://apps.crs.gov/cli/cli.aspx?PRDS_CLI_ITEM_ID=641&from=3&fromId=1].

Summary of Major Provisions: House-Passed 2007 Farm Bill (H.R. 2419) and Current Law

| Current Law/Policy | House-Passed 2007 Farm Bill (H.R. 2419) |
|--|--|
| TITLE I: Commodities | |
| Direct payments | |
| Fixed, direct payments tied to historic base acres and yield. Support largely is decoupled from current production. | No change in payment rates, reauthorized through 2012 crop year. Eliminate advanced payment in 2012 crop year. |
| Counter-cyclical payments | |
| Price-based safety net makes payments when market price falls below the “target price.” Formula is based on historic acreage and yields. | Retains price-based counter-cyclical payments through 2012 crop year. Creates new revenue counter-cyclical payment (based on national-level revenues), and gives producers a one-time option to choose either revenue or price based payments. Eliminates advanced payments in 2011 crop year, and delays final payments until a new fiscal year for some commodities in crop years 2008-2010. Modifies target prices: increases for wheat, barley, oats, soybeans, and other oilseeds; decrease for cotton. |
| Marketing loans | |
| Safety net for commodity prices based on actual production. Offers the option of loans with special reduced repayment terms, or cash payments (LDP) when market price is less than loan rate. Loan rate set in statute. | No change in structure through 2012. Modifies loan rates: Increase wheat, barley, oats, minor oilseeds, wool, and small chickpeas. Decrease dry peas and lentils. Change calculation of cotton repayment rate to use “Far East” market price. Create economic adjustment assistance program (4¢/lb) for domestic users of upland cotton for construction and modernization of facilities and equipment. |
| Payment limits | |
| <ul style="list-style-type: none"> — \$360,000 combined cap on direct payments, counter-cyclical payments, and marketing loans (except for repayment with certificates or forfeiture, which are unlimited). This is the amount after doubling with 3-entity rule and spouse allowances. — \$2.5 million Adjusted Gross Income (AGI) means test (no payments if AGI is greater than the payment limit), except if 75% of AGI is from farming. | <ul style="list-style-type: none"> — Tightens limits by: (1) reducing the AGI limit to \$1 million with no exceptions, and to \$500,000 unless more than 67% of AGI is from farming, (2) eliminating the “3-entity rule,” which allows individuals to double their payments by having multiple ownership interests, and (3) requiring “direct attribution” of payments to a natural person. — Relaxes limits by (1) raising the limit on direct payments from \$40,000 to \$60,000, and (2) eliminating the \$75,000 limit on the marketing loan program. This results in a \$250,000 limit on direct and counter-cyclical payments after spouse doubling, and no limits on marketing loans. |

| Current Law/Policy | House-Passed 2007 Farm Bill (H.R. 2419) |
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| Payments to small farms or non-farmers | |
| No limitation or threshold. | Eliminates direct and counter-cyclical payments less than \$25. Permanently denies benefits if convicted of defrauding USDA. |
| Planting flexibility | |
| Although other program crops can be planted on base acres without penalty, producers are prohibited from planting fruits and vegetables on base acres. | No change in fruit and vegetable planting restriction. Pilot program allowing up to 10,000 acres of tomatoes for processing in Indiana, with a temporary reduction of base acres. |
| Dairy | |
| <ul style="list-style-type: none"> — Dairy price support program purchases dairy products to support the farm price of milk. — Milk Income Loss Contract (MILC) makes payments to farmers if market price is less than target price. | <ul style="list-style-type: none"> — Continues the dairy price support program through 2012, but changes the program to directly support the price of cheese, butter and nonfat dry milk. — Extend MILC program. |
| Sugar | |
| Guarantees a minimum price to processors of sugar crops (and in turn, producers). Makes nonrecourse loans to processors at specified loan rates. Requires USDA to operate program at “no cost” by limiting amount of sugar that processors can sell under “marketing allotments” and restricting imports under quotas. Accommodates a specified level of sugar imports under U.S. trade commitments; if more sugar enters, allotments must be terminated. | <p>Extends the structure of sugar program, but:</p> <ul style="list-style-type: none"> — Increases loan rates by almost 3% — Replaces accommodation made for sugar import commitments by guaranteeing minimum 85% market share to domestic production sector — Prescribes (tightens) USDA administration of sugar import quota authority — Mandates use of surplus sugar (equal to amount that imports exceed U.S. food demand) for ethanol production. |

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| TITLE II: Conservation | |
| Working Lands Programs | |
| <p>Authorizes working lands programs, such as the Environmental Quality Incentives Program (EQIP), the Conservation Security Program (CSP), Wildlife Habitat Incentives Program (WHIP), and other programs that provide assistance installing/implementing conservation practices on lands in production.</p> | <ul style="list-style-type: none"> — Expands EQIP funding, increases activities under the Conservation Innovation Grants subprogram, adds forestry provisions, and requires that a portion of funds assist beginning, socially-disadvantaged, and limited resource producers. New budget authority of \$1.9 billion over five years. — Replaces CSP's 3-tiered and 4-payment structure with no tiers and annual stewardship enhancement payments; other program changes. Prohibits additional CSP signups until 2012 by capping funding; provides slightly more funding after 2009. — Extends WHIP at current authorized funding level. |
| Land Retirement Programs | |
| <p>Authorizes land retirement programs, such as the Conservation Reserve Program (CRP), the Wetland Reserve Program (WRP), and Grasslands Reserve Program (GRP). Encourages restoring land (cropland, grassland and wetlands) by retiring it from production.</p> | <ul style="list-style-type: none"> — Extends CRP. Includes new provision allowing retired landowners to modify contracts if land is transferred to beginning or socially disadvantaged producer. Provides that only land enrolled in general CRP sign-ups is eligible for early termination. Allows land to be transferred into GRP under longer retirement contracts — Renews/expands enrollment in WRP. Increases WRP's enrollment ceiling and modifies USDA appraisal process. New budget authority of \$1.9 billion over five-years (CBO). — Renews/expands enrollment in GRP; provides for third party ownership, negotiation and enforcement. |
| Farmland Protection Programs | |
| <p>Authorizes the (renamed) Farm and Ranchland Protection Program (FRPP) to keep productive farmland from conversion to other uses.</p> | <ul style="list-style-type: none"> — Increases FRPP funding; makes changes to certification process for states and eligible entities; and USDA program administration. |
| Watershed Protection Programs | |
| <p>Authorizes conservation activities at watershed scale, including a new Chesapeake Bay Program for Nutrient Reduction and Sediment Control, and reauthorizes several programs, including the Small Watershed Rehabilitation Program.</p> | <ul style="list-style-type: none"> — Creates new Regional Water Enhancement Program (RWEP) under EQIP. — Renews/funds the Small Watershed Rehabilitation Program (Provides mandatory and discretionary funding; \$200 million in baseline for program funding. — Provides additional funds new resources for the Chesapeake Bay Region (includes \$25 million for a pilot program; \$150 million for river restoration). — Reauthorizes programs for Great Lakes and grassroots source water protection. |

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| Conservation Innovation Grants Program | |
| Authorizes the Conservation Innovation Grants program that provides competitive grants for State and local governments, non-profits, and individuals to help identify, test, and implement innovative environmental solutions. | <ul style="list-style-type: none"> — Extends/expands funding (\$20 million annually 2008-2012). — Establishes a (1) comprehensive conservation planning pilot for the Chesapeake Bay; (2) funds for outreach to fruit, vegetable and organic producers; (3) \$150 million for air quality programs; and (4) provides for air quality funding. |
| Payment limits on conservation programs | |
| Current law sets a fiscal year payment limit of \$450,000 for EQIP cost-share and incentive payments and \$50,000 for CRP rental and incentive payments; no more general payment limits. | Sets an overall fiscal year payment limit of \$60,000 for any single conservation program and \$125,000 for all programs (excludes WRP, FRPP, and GRP). |
| Miscellaneous / New Provisions | |
| No provision. | <p>Creates new programs:</p> <ul style="list-style-type: none"> — Creates new Cooperative Conservation Program Initiative to allows third parties to help identify conservation areas/issues. — Creates new Open Fields Program that creates incentives for public access to private land for hunting and fishing. — Creates new pilot conservation program for four-year crop rotation for peanuts. — Creates a new public access program with a wildlife focus — Requires development of a simplified conservation application process within 1 year of enactment. |
| Market-based Approach to Farm Conservation | |
| No existing provision. | Establishes an Environmental Services Standards Board and provides grants to facilitate the development of private-sector market-based approaches for environmental goods and services involving agriculture and forestry (authorized at \$50 million). |

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| TITLE III: Trade | |
| P.L. 480 Food Aid | |
| <p>Authorizes donations and concessional financing of U.S. agricultural commodities to developing/transition countries.</p> <ol style="list-style-type: none"> Allows 5-10% of funds for commodity donations to support food aid implementing organizations. Permits monetization (sale) of donated commodities to generate funds for projects in recipient countries. Sets minimum assistance at 2.5 million metric tons, mmt, (1.875 mmt is for non-emergency development aid). Allocates 0.5% of funds for P.L. 480 to a Farmer-to-Farmer program of voluntary technical assistance. Allows no more than \$2 million of P.L. 480 funds for commodity pre-positioning for emergency relief. | <p>P.L. 480 food aid programs extended to 2012.</p> <ol style="list-style-type: none"> Increases funds to support operations of food aid implementers to not less than 7% and not more than 12% of funds available to the program; allows funds for program monitoring and evaluation. Continues authority to monetize commodities. Maintains current minimum levels of commodities provided; authorizes \$450 million non-emergency (development) assistance, which could be waived only by act of Congress. Extends Farmer-to-Farmer program to 2012, with minimum funding of not less than 0.5% or \$10 million; authorizes appropriations of \$15 million for Farmer-to-Farmer programs in developing countries. Increases funds for pre-positioning to not less than \$8 million/year. |
| Other Food Aid Programs | |
| <ol style="list-style-type: none"> Bill Emerson Humanitarian Trust: A reserve of commodities and cash to meet unanticipated needs for emergency food aid or when U.S. agricultural commodities are too limited to meet P.L. 480 needs. Food for Progress: A minimum of 400,000 mt of U.S. agricultural commodities for market-oriented agricultural development in developing/transition countries. McGovern-Dole International Food for Education and Child Nutrition Program: Authorizes such sums as may be necessary to provide U.S. commodities, funds, and technical assistance to establish school feeding and child nutrition programs in developing countries. | <p>Extends all three programs through 2012.</p> <p>Changes the funding basis of the McGovern-Dole International Food for Education and Child Nutrition Program from discretionary to mandatory and authorizes funding of \$140 million for FY2009; \$170million for FY2010; \$230 million for FY2011; and \$300 million for FY2012.</p> |
| Export Credit Guarantee Program | |
| <p>Authorizes short-term (6 months — 3 years) and intermediate-term (3 — 10 years) guarantees of private, commercial financing of U.S. agricultural exports.</p> | <p>Extends program through 2012. Repeals authority for intermediate export credit guarantees and removes 1% cap on origination fees for guarantees. These changes are intended to bring export credit guarantees into conformity with the decision in the U.S.-Brazil WTO cotton</p> |

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| | dispute. Repeals short-term, open account (non-bank intermediation) guarantees (the Supplier Credit Guarantee Program). |
| Export Market Promotion and Export Subsidies | |
| <ol style="list-style-type: none"> 1. Market Access Program (MAP): Cost-share federal funding of export market development for generic and branded agricultural commodities. 2. Foreign Market Development Program (FMDFP): Cost-share federal funding of export market development of mainly generic (bulk) commodities. 3. Emerging Markets Program (EMP): A set of programs to promote U.S. agricultural exports in countries taking steps toward market-oriented development of agriculture with potential to become U.S. export markets. 4. Export Enhancement Program (EEP): direct export subsidies for U.S. agricultural commodities. | <p>Extends MAP, FMDFP, EMP, and EEP through 2012.</p> <p>Makes changes to Market Access Program:</p> <ul style="list-style-type: none"> — Makes organic agricultural commodities eligible for MAP promotions. — Increases MAP funding from \$200 million in FY2007 to \$225 million annually from FY2008-FY2012. |
| Sanitary and phytosanitary (SPS) barriers to U.S. agricultural exports and trade disputes | |
| Technical Assistance for Specialty Crops (TASC) program provides \$2 million annually to assist in removal of SPS barriers to U.S. agricultural exports | Increases funds for TASC from \$2 million in FY2007 to \$4 million in FY2008; increases to \$10 million annually in FY2011 and FY2012. Authorizes appropriations for technical assistance to limited resource persons and organizations for the resolution of trade disputes and for U.S. representation in international standard setting bodies. |
| TITLE IV: Nutrition | |
| Extension of Expiring Authorities | |
| All nutrition program authorities (e.g., authorizations for appropriations) expire at the end of FY2007. | Extends all expiring authorities through FY2012. |
| Renaming the Food Stamp Program | |
| No similar provision. | Renames the Food Stamp Program as the Secure Supplemental Nutrition Assistance Program. |

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| Increased Food Stamp Benefits | |
| <p>When calculating food stamp benefits, a portion of recipient's income is disregarded — (1) a "standard deduction" (typically, \$134/month) and (2) dependent care expenses (limited to \$175-\$200/month, depending on dependent's age). A portion of other expenses (e.g., shelter costs) also is disregarded. Disregarding income has the effect of increasing food stamp benefits. Minimum benefits for 1- and 2-person households set at \$10/month.</p> | <p>Increases the standard deduction to \$145 and indexes it. Removes the limits on dependent care expense deductions. Disregards combat-related military pay. Increases minimum benefits to 10% of the value of the maximum food stamp benefit for a 1-person household (an increase estimated to average \$8 a month over the life of the farm bill).</p> |
| Liberalized Food Stamp Asset Eligibility Standards | |
| <p>Households eligible for food stamp benefits must have liquid assets of less than \$2,000 (or \$3,000 for those with elderly/disabled members). The dollar limit is not indexed, and some retirement plans/savings and all savings for postsecondary education are counted as assets. A household's home, personal belongings, furnishings, and (in most cases) the value of its vehicle are not counted.</p> | <p>Indexes the dollar limits on liquid assets. Disregards all retirement plans/savings and postsecondary education savings.</p> |
| "Privatization" of Food Stamp Program Administration | |
| <p>State "merit-system" employees must certify eligibility for food stamps.</p> | <p>Places substantial new limits on the ability of states to "privatize" (e.g., contract out) administration of the Food Stamp program.</p> |
| The Emergency Food Assistance Program (TEFAP) | |
| <p>TEFAP has mandatory funding of \$140 million a year to acquire commodities for distribution through emergency feeding organizations.</p> | <p>Increases the mandatory funding level for TEFAP to \$250 million a year (indexed to food prices).</p> |
| Fruits and Vegetables | |
| <p>Provides for a pilot project — operating in 14 states and on 3 Indian reservations and funded at \$15 million (FY2007). About 400 schools offer free fresh fruits and vegetables to their students. Sets aside \$50 million a year in school meal program funding for a transfer to the Department of Defense for a "DoD Fresh" program through which fresh fruits and</p> | <p>Increases (to \$70 million a year) funding for the fresh fruit and vegetable project and makes it available in all states (although not all schools). Increases (to \$75 million a year) the set-aside for the DoD Fresh program.</p> |

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| vegetables are made available to schools as part of their school meal entitlement. | |
| Geographic Preference | |
| Schools receiving meal assistance and the DoD Fresh program generally are prohibited from specifying a geographic preference when they procure food items. | Generally overrides rules that limit the extent to which schools and the DoD Fresh program can specify a geographic preference (e.g., for locally produced food items) in their procurements. |
| TITLE V: Agricultural Credit | |
| 1. USDA Farm Service Agency (FSA) Loan Programs | |
| a. Maximum lending limit | |
| \$200,000 per borrower for direct farm ownership loans (dating from 1984) and \$200,000 for direct operating loans (dating from 1986). | Increases lending limits per farmer to \$300,000 for direct farm ownership loans and \$300,000 for direct operating loans |
| b. Beginning and socially-disadvantaged farmers | |
| Reserves part of the loan volume for beginning farmers: 70% of direct farm ownership loans, 35% of direct operating loans, 25% of guaranteed ownership loans, and 40% of guaranteed farm operating loans. Funds also targeted to “socially disadvantaged” farmers based on race, gender, and ethnicity. | <ul style="list-style-type: none"> — Further prioritizes lending for beginning and socially disadvantaged farmers by increasing the amounts reserved for these groups. — Extends the right of first refusal to reacquire a homestead property to the family of a socially disadvantaged borrower-owner. — Restores priority given to socially disadvantaged farmers whenever the USDA sells or leases property. |
| c. Conservation loan guarantee program | |
| No provision. | Creates a special loan guarantee program for soil and water conservation and protection projects that gives priority to qualified beginning farmers or ranchers, socially disadvantaged farmers or ranchers, and producers who use the loans to build conservation structures or establish conservation practices. |
| d. Term limits | |
| Term limits require farmers to graduate from FSA credit to commercial lenders. Farmers are eligible for direct operating loans for seven years, and guaranteed operating loans for 15 years. Current law suspends enforcement of term limits on | Extends, but only until Jan. 1, 2008, the suspension of the enforcement of term limits. |

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| guaranteed loans through Sept. 30, 2007. | |
| e. Other provisions | |
| <ol style="list-style-type: none"> 1. Beginning Farmer and Rancher Down Payment Loan program. 2. Pilot program to guarantee seller-financed land loans. | <ol style="list-style-type: none"> 1. Modifies the Down Payment Loan Program to make adjustments to the interest rate, increases the maximum allowable sales price, reduces the borrower down payment requirement, increases the FSA portion, and changes the loan terms. 2. Extends and expands the guarantee program for seller-financed loans. |
| 2. Farm Credit System (FCS) | |
| a. Scope of lending authority | |
| <p>FCS is a non-governmental cooperatively-owned confederation of institutions that lend permanently to:</p> <ol style="list-style-type: none"> 1. farmers, ranchers, producers of aquatic products, 2. businesses providing services to farmers/ranchers, 3. farming-related businesses that process or market farm products, if more than 50% of the business is owned by farmers who provide some of the “throughput.” 4. Rural homeowners of moderately-priced, single-family houses in towns with less than 2,500 population. | <p>Does not create a new category for general “agribusiness” loans limited renewable energy projects, nor increase the population cutoff for rural housing loans to 6,000 population, as in the House-reported bill. This provision was removed through floor amendment.</p> |
| b. Insurance corporation premiums | |
| <p>FCS banks and associations pay premiums to the Farm Credit System Insurance Corporation (FCSIC) to ensure the System’s capacity to make timely payment of principal and interest to FCS bondholders.</p> | <p>Changes the basis on which the Farm Credit System Insurance Corporation collects premiums by authorizing higher levels of premiums and shifting the base for premiums from outstanding loans to insured debt.</p> |
| TITLE VI: Rural Development | |
| Rural Infrastructure and Investment Programs | |
| <p>Provides loan and grant programs and funding for investment and economic development in rural areas, training for rural emergency personnel, rural utilities infrastructure, water and wastewater programs, and coordination activities with other local, state, and federal officials.</p> | <ul style="list-style-type: none"> — Reauthorizes most existing rural infrastructure and economic development programs, and programs for health care, emergency, and first responder needs in rural areas. — Creates a new grant program to improve the technical infrastructure of rural health care facilities. Also authorizes the Rural Firefighters and Emergency Medical Service Assistance Program to provide improved emergency medical services in rural areas — Creates new Rural Entrepreneur and Microenterprise Assistance Program to provide |

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| | <p>technical and financial assistance to small businesses.</p> <ul style="list-style-type: none"> — Directs the Secretary to assess the varying definitions of “rural” used by USDA Rural Development and to review income, population density, and seasonal population of eligible rural areas for purposes of targeting/prioritizing loan and grant applications. — Authorizes a technology transfer program to provide technical information and resources for farmers practicing or transitioning to sustainable/organic farming. — Requires a GAO study of rural communities along U.S.-Mexico border (<i>colonias</i>). |
| Broadband and Telecommunications Development | |
| <ul style="list-style-type: none"> — Broadband Access Loan program provides loans to fund construction, improvement, and acquisition of facilities to provide broadband service in rural areas. — The Distance Learning and Telemedicine program provides electronic educational resources to schools and for improved health care delivery in rural areas. | <ul style="list-style-type: none"> — Amends the existing broadband program to redefine eligibility and prioritize applications. Authorizes USDA’s Community Connect Program to provide grants and financial assistance to eligible applicants to provide broadband service to currently unserved areas. — Directs the Secretary of Agriculture to develop a national rural broadband strategy. Authorizes a National Center for Rural Telecommunications Assessment. |
| Regional Development Programs | |
| Value-Added Agricultural Product Market Development Grants. | Extends/expands the program by creating (1) a 10% set-aside for beginning and socially disadvantaged farmers and ranchers, and (2) a 10% set-aside for mid-tier value chains, which are strategic alliances between small to mid-sized farms and ranches and other supply chain partners that distribute the benefits of these partnerships across the supply chain. Authorizes \$30 million in mandatory spending for planning and working capital grants to support marketing value-added products. |
| Regional Development Programs | |
| <ul style="list-style-type: none"> — Delta Regional Authority (DRA) funds 334 projects (\$750 million investment in five years). — Northern Great Plains Regional Authority (NGPRA) is a federal-state partnership serving IA, MN, NE, ND, and SD focused on business, jobs, and infrastructure development and transportation. | <ul style="list-style-type: none"> — Extends DRA. — Extends/amends NGPRA to target renewable energy projects, among other changes. — Establishes a National Board on Rural America providing planning and innovation grants to certified Regional Investment Boards. |

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| TITLE VII: Research | |
| Budget and Planning | |
| The four agencies within the Research, Extension, and Economics (REE) mission area of USDA (organized in 1994 by P.L. 103-354) have separate entries in the President's annual budget request. | Requires the President's annual budget submission to present a unified request for all REE mission area agencies and programs, divided into two categories: capacity programs (funds to be distributed through noncompetitive processes) and competitive programs (funds distributed through a peer-reviewed, competitive process). |
| Each REE agency's budget is administered by its respective officers. ARS and CSREES intramural and extramural programs are coordinated by their respective National Program Leaders, with stakeholder input as required by the 1996 farm bill (P.L. 104-127). | Establishes a National Agricultural Research Program Office to administer the unified REE budget. A 6-member Board of Directors coordinates all intramural and extramural programs of the REE agencies. |
| Competitive Grants | |
| The National Research Initiative (NRI) Competitive Research Grants program is authorized under 7 U.S.C. 450i; the Initiative for Future Agriculture and Food Systems (IFAFS) was established in 1998 by P.L. 105-185 and currently is administered as part of NRI as authorized in annual USDA appropriations acts. | Establishes a National Institute for Food and Agriculture that consolidates all competitive research, education, and extension programs, including the NRI and IFAFS, which are reauthorized and merged. |
| Animal Disease Research | |
| Authority for USDA to conduct research on live animal viruses that could become bioterrorism agents became less clear when the law creating the Department of Homeland Security transferred USDA's offshore animal disease laboratory to DHS in 2003. | Gives the Secretary lead authority to establish animal disease research laboratories and control the importation and movement of live animal viruses within the United States. |
| Hispanic-serving Colleges and Universities | |
| The 1996 farm bill (P.L. 104-127) established a program of education grants to Hispanic-serving institutions that teach agriculture; currently reauthorized through FY2007 by P.L. 107-171. | Establishes an endowment fund, the annual interest from which will be used to strengthen the academic programs in agriculture at Hispanic-serving institution. Also creates a capacity-building program and a competitive research program the these colleges and universities. |

| Current Law/Policy | House-Passed 2007 Farm Bill (H.R. 2419) |
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| High-priority Research Areas | |
| The Organic Agricultural Research and Extension Initiative was established by the 1990 farm bill (P.L. 101-624); it was reauthorized through FY2007 in the 2002 farm (P.L. 107-171) bill and provided \$3 million annually in mandatory funds. | Reauthorizes and provides authority for annual appropriations of \$25 million annually through FY2012. |
| No Provision | Authorizes \$100 million in annual appropriations through FY2012 to support a Specialty Crops Research Initiative. |
| Biobased Products Research Program established originally in 1998 by P.L. 105-185 was extended through FY2007 by the 2002 farm bill, with authorization for annual appropriations of such funds as necessary. | Authorizes \$50 million in annual appropriations through FY2012 to support an Agricultural Bioenergy and Biobased Products Research Initiative. |
| TITLE VIII: Forestry | |
| Forest Landowner Assistance | |
| Forest Land Enhancement Program (FLEP) provides financial assistance to private landowners for forestry activities (\$100 million mandatory spending). Some funds were borrowed for fire-fighting; others were cancelled. Less than half were actually spent on FLEP activities. | No provision. |
| Cooperative Forestry Assistance | |
| No provision. | Includes several provisions providing national priorities and competitive grants, requiring statewide assessments, and establishing a new advisory committee. |
| Wildfire Emergencies | |
| Established the Community and Private Land Fire Assistance Program, to aid in preparing and protecting communities and private lands from wildfires. | Establishes an Emergency Forest Restoration Program to help private landowners restore forests damaged by natural factors, such as wildfires. |

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| TITLE IX: Energy | |
| Federal Procurement of Biobased Products | |
| Requires federal agencies to purchase biobased products under certain conditions and authorizes a voluntary biobased labeling program. Mandatory funding of \$1 million is authorized annually (FY2002-07) for testing. | Reauthorizes. Adds new reporting requirements and clarifies that products with at least 5% of intermediate ingredients and feedstocks that are biobased should be considered. Requires USDA to complete rulemaking on labeling regulation. Increases funding to \$2 million/year (FY2008-12) for bio-product testing, labeling, and procurement research, promotion, etc. |
| Biorefinery Development Program | |
| Creates grant program to finance the cost of developing and constructing biorefineries and biofuel production plants. No mandatory funding was authorized. | Extends through FY2012 and provides new loan guarantee authority for biorefineries, with one-half for loans less than \$100 million, and the other half for loans up to \$250 million. Specifies mandatory funding levels that total \$800 million over FY2008-12. |
| Biodiesel Fuel Education Program | |
| Competitive grants to nonprofits to educate governmental and private entities operating vehicle fleets, and educate public about the benefits of biodiesel fuel use. | Extends through FY2012 with mandatory funding of \$2 million/year (FY2008-12). |
| Energy Audit and Renewable Energy Development Program | |
| Competitive grants to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources. | Extends through 2012. |
| Renewable Energy Systems | |
| Authorizes loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to purchase and install renewable energy systems and improve energy efficiency. | Renamed as the “Rural Energy for America Program.” Raises the loan guarantee level from \$10 million to \$25 million and caps federal cost-share at 75%. Increases mandatory funding levels to total \$500 million over FY2008-12. |
| Biomass Research and Development Act | |
| Competitive funding for research, development, and demonstration projects on biofuels and bio-based chemicals and products. Mandatory funding totaling \$75 million (available until expended) for FY2002 07. | Extends through FY2012 with increased mandatory funding that totals \$420 million over FY2008-12. |

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| Bioenergy Program | |
| <p>Provides incentive payments to biofuels producers based on year-to-year increases in quantity of biofuel produced. Mandatory funding through FY2006. No funding available for FY2007.</p> | <p>Extends through FY2012 with increased mandatory funding of \$1.4 billion for FY2008-2012. Excludes ethanol produced from corn starch. Expands eligibility for combined heat and power production using biomass at biofuels plants and biomass gasification as types of bioenergy eligible for the production incentive.</p> |
| Research, Extension, and Educational Programs on Biobased Energy Technologies and Products | |
| <p>Added under the “Sun Grant Research Initiative Act of 2003.” Establishes 5 national sun grant research centers to enhance coordination/collaboration between USDA, DOE, and land-grant universities to develop, distribute, and implement biobased energy technologies.</p> | <p>Extends through 2012. No mandatory funding, but authorized appropriations of \$15 million for each of FY2008 through FY12.</p> |
| New Programs/Initiatives | |
| <p>No provision(s).</p> | <ol style="list-style-type: none"> 1. Energy Council of USDA to establish an Energy Council to coordinate the energy policy of USDA and consult with other federal departments and agencies. 2. Rural Energy Self-Sufficiency Initiative to provide cost-share grants to enable eligible rural communities (of less than 25,000) to increase energy self-sufficiency. 3. Feedstock Flexibility Program for Bioenergy Producers to administer a sugar-for-ethanol program using sugar intended for food use but deemed to be in surplus. 4. Farm Energy Production Pilot Program to provide grants to farmers to demonstrate the feasibility of making a farm become energy neutral using existing technologies. 5. Biomass Inventory Report of all county-level national inventory of biomass resources. 6. Future Farmsteads Program to demonstrate technologies to improve farm energy production and use efficiencies while serving as a working example to farmers. 7. Biomass Energy Reserve (BER) to provide financial and technical assistance (including five year contracts) to landowners and operators to grow dedicated energy crops as feedstocks for cellulosic ethanol and other energy production. 8. Forest Biomass for Energy to address the specific issues facing the use of woody biomass for bioenergy production, including feedstock issues such as yield and new varieties. 9. Community Wood Energy Program to encourage State and local governments to acquire community wood energy systems for public buildings and to implement a community wood energy plan. |

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| | <p>10. Intern pilot program for issues related to producing agricultural biofuels from biomass.</p> <p>11. New university grant program for demonstration of supplementing corn as an ethanol feedstock with sweet sorghum and switchgrass.</p> |
| TITLE X: Horticulture and Organic Agriculture | |
| Block Grants | |
| <p>A program of block grants to states to support projects in marketing, research, education, pest and disease management, production, and food safety related to specialty crops was created by the Specialty Crops Competitiveness Act of 2004 (P.L. 108-465). It was authorized to receive annual appropriations of \$44.5 million through FY2009. It received \$7 million in FY2006 and again in FY2007.</p> | <p>Provides \$365 million in mandatory funding over five years to expand the program of block grants to states for specialty crop projects.</p> |
| Nutrition Programs | |
| <p>Requires the Secretary to use not less than \$200 million annually in additional Section 32 funds to purchase specialty crops for nutrition programs.</p> | <p>Specifies that in addition to specialty crop purchases required in the 2002 farm bill, the Secretary shall purchase fruits, vegetables, and nuts using Section 32 funds in the amount of \$190 million in FY2008; \$193 million in FY2009; \$199 million in FY2010; \$203 million in FY2011; and \$206 million in FY2012 an annually thereafter.</p> |
| Pest and Disease Management | |
| <p>USDA's Animal and Plant Health Inspection Service conducts a number of pest and disease detection and management programs under the authority of the Plant Protection Act of 2000 (P.L. 106-224).</p> | <p>Establishes a cooperative program with the states providing cost-share assistance for early pest detection and surveillance activities, to include development of a list of potential threats and mitigation programs to address them. Provides \$200 million in mandatory funds over a 5-year period to support the program.</p> |
| Organic Agriculture | |
| <p>The 2002 farm bill established the National Organic Certification Cost-share Program with a one-time transfer of \$5 million in mandatory funds. Individual benefit capped at \$500 per farm.</p> | <p>Reauthorizes the National Organic Certification Cost-share Program, providing \$22 million in mandatory funds in FY2008 to be available until expended. Raises benefit limit to \$750 per farm.</p> |

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| Farmer Marketing Assistance | |
| <p>Authorizes the appropriation of such sums as necessary to establish a farmer marketing assistance program to improve and expand direct producer-to-consumer marketing opportunities.</p> | <p>Provides \$35 million in mandatory funds to support the program, renamed the Farmer Marketing Assistance Program. Also creates a new grant program to study ways to improve farmer access to competitive processing and distribution systems, called the Healthy Food Urban Development Program.</p> |
| TITLE XI: Miscellaneous | |
| Federal Crop Insurance — Selected Cost-Saving Measures | |
| <p>The federal government provides three levels of subsidies to the crop insurance program: 1) subsidizing a portion of the premium paid by farmers, 2) reimbursing the private crop insurance companies for most of their administrative and operating expenses, and 3) absorbing most of the program losses.</p> | <p>Three provisions would change the timing of crop insurance receipts (premium collections) and the timing of payments to the private companies. These changes are timed so that in the final year of the five-year farm bill (FY2012) revenues will be received twice in the year and reimbursements will be delayed until the next fiscal year. Total budget authority will not be affected, but because of the one-year adjustment in FY2012, CBO scores outlay savings of \$2.7 billion in FY2012.</p> |
| <p>Participating private crop insurance companies are reimbursed by the federal government for their administrative and operating expenses at rates determined in a Standard Reinsurance Agreement (SRA). Current law prohibits companies from receiving a reimbursement greater than 24.5% of total premiums. The current SRA establishes the reimbursement rate below the statutory maximum for all insurance plans, ranging from 18.1% to 24.2 % (maximum).</p> | <p>Beginning in the 2009 reinsurance year (July 1, 2008), the reimbursement rate to the private crop insurance companies for their administrative and operating expenses would decline by 2.9 percentage points from the rate in effect at the time of enactment of the 2007 farm bill. hence, the range of reimbursement rates would decline to between 15.2% to a maximum of 21.3%. CBO estimates this provision will reduce outlays by \$612 million over five years. (Separately, a provision in Title XII (Additional Offsets) would require the maximum statutory reimbursement rate to be adjusted downward in 2012 through 2017, if offsetting oil and gas receipts collected by the Secretary of Interior fall short of estimates.)</p> |
| <p>Producers opting for the most basic level of crop insurance (catastrophic (CAT) coverage) pay no premium for the coverage, but are required to pay an administrative fee of \$100 per crop per county. Producers who grow an uninsurable crop can also receive the equivalent of CAT coverage under a separate Noninsured Assistance Program (NAP) and must also pay a \$100 administrative fee.</p> | <p>Increases the producer-paid fee for catastrophic coverage under the crop insurance program and the Noninsured Assistance Program to \$200 per crop per county, saving a combined CBO-estimated \$228 million over five years.</p> |

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| The current Standard Reinsurance Agreement between the federal government and the private crop insurance companies determines levels of risk sharing between the government and the companies. The current agreement requires companies to reinsure 5% of their retained premium with the government. | Requires the private insurance companies to reinsure at least 22% of their retained premiums with the government, and in return the government will provide a ceding commission of 2% to the companies. (The net effect is to raise the requirement to 20%.) This will allow the government to receive some underwriting gains or losses that would otherwise accrue to the companies, which CBO estimates would save \$121 million over five years. |
| Livestock and Poultry Contracts | |
| Gives producers the right to discuss their contracts with family members and advisors; extends some Packers and Stockyards Act (PSA) protections to swine producers with production contracts. | Amends the PSA to require USDA to establish regulatory standards for arbitration provisions in livestock and poultry contracts; permits a producer to seek relief in a small claims court, if within the court's jurisdiction, regardless of a contract's arbitration clause. |
| State-Inspected Meat and Poultry | |
| No comparable provision. Currently, state-inspected meat and poultry products cannot be shipped interstate. | Permits USDA to approve the shipment of state-inspected meat and poultry from a State where the program requirements are identical to federal requirements, among other things. |
| Country-of-Origin Labeling (COOL) | |
| Retailers (not restaurants) must provide COOL for fresh meats, produce, peanuts and seafood by September 30, 2004 (later changed to 2008 except for seafood). Contains numerous requirements on labeling exclusively USA products, on recordkeeping and certification, and on enforcement/fines for noncompliance. | Continues to require implementation by 2008 but, for red meats only, creates new label categories intended to make it easier to cite country of origin. For all covered commodities, eases some recordkeeping, certification requirements, and reduces fines for noncompliance. |
| Discrimination Suit Against USDA (Pigford Decision) | |
| Pigford v. Glickman, No. 97-1978 and No. 98-1693 (D.D.C. July 14, 2000). | Permits any Pigford claimants who met the criteria of a civil action relating to racial discrimination by the USDA but were denied a mechanism for redetermination based on the merits of their claims. Provides funding for claims. |