

PolicyPennings by Dr. Daryll E. Ray

The House puts their version of the farm bill into play

Quick as a wink, the farm bill that was reported out of the Agriculture Committee, was adopted by the House of Representatives before the ink on last week's column was dry. The vote, 231 to 191, was not large enough to override a threatened presidential veto, but until the Senate adopts a farm bill of its own, the conference committee reconciles the two bills, and final vote is taken, the margin is of little consequence. A lot can change between now and then.

For the most part, last week's column discussed the "Title 1" or major commodity portion of the House bill. This column focuses on some of the other features as passed by the full House.

The closeness of the vote was the result of the way the \$4 billion increase in food stamps is to be paid for—a tax increase. The tax increase triggered Republican opposition on what had been a very bi-partisan piece of legislation.

What the Republicans call a tax increase, Democratic Agriculture Committee Chair, Collin Peterson characterized as "closing a loophole in the U.S. tax system." The provision imposes taxes on foreign corporations operating in the US that have been able to avoid paying taxes on royalties and other payments they make to foreign affiliates.

Responding to the criticism that most of the farm bill dollars have gone to the major row crops, the House's bill includes \$1.6 billion for fruit and vegetable growers. Part of this money will be provided as block grant to states to support projects in research, marketing, education, pest and disease management, production, and food safety.

The legislation also doubles the amount of USDA purchases of fruits and vegetables that are donated to help nutritionally vulnerable recipients (such as low-income school children, participants at family child care homes, and others) eat a healthy diet and avoid hunger, while helping to balance supply and demand for various products.

This House version of the 2007 Farm Bill provides \$200 million in mandatory funding for pest and disease detection and control to help fruit and vegetable producers address food safety, pest and disease management issues.

The energy title provides loan guarantees for biorefineries and biofuels production plants, continues funding for the Biodiesel Fuel Education Program, increases funding for the Renewable Energy & Energy Efficiency Improvements Program, establishes a forestry bioenergy research program, and extends the Biomass Research and Development Program among other provisions.

In extending the Conservation Reserve Program, the legislation includes a new provision to allow retired landowners participating in CRP to modify their contracts if the land is being transferred to a beginning or socially disadvantaged farmer or rancher. This would allow a beginning or socially disadvantaged farmer or rancher to return some of this land to grazing or crop production.

The Wetland Reserve Program (WRP), and the Environmental Quality Incentives Program (EQIP) are continued through 2012 with expanded funding.

The three tiered system of the Conservation Security Program is collapsed and replaced with an annual stewardship enhancement payment to compensate producers for new and ongoing implementation and maintenance of conservation practices and activities.

The Rural Development title of the House legislation addresses health care, emergency and first responder needs in rural areas, improves access to broadband telecommunications services in rural areas with a greater focus on the rural communities of greatest need, expands rural economic development efforts, and continues the help fund rural water and wastewater treatment facilities.

While much of the focus of public discussion is on the major crop commodity programs (Title I), other program provisions (Titles II through XI) touch the lives of nearly every rural resident and a large number of urban residents as well.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of UT's Agricultural Policy Analysis Center (APAC). (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://www.agpolicy.org>. Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, Research Associate with APAC.

Originally published in *MidAmerica Farmer Grower*, Vol. 24, No. 31, August 3, 2007
Reproduction Permission Granted with 1) full attribution to Daryll E. Ray and the Agricultural Policy Analysis Center, University of Tennessee, Knoxville, TN; 2) Copy of reproduction sent to Information Specialist, Agricultural Policy Analysis Center, 309 Morgan Hall, Knoxville, TN 37996-4519