



**SELECTED PROVISIONS OF *FOOD, CONSERVATION, AND ENERGY ACT OF 2008*:
EXCEPT FARM INCOME SUPPORT AND RISK MANAGEMENT PROGRAMS**

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Farm income support and risk management provisions are summarized in a companion article, “Selected Provisions of *Food, Conservation, and Energy Act of 2008*: Farm Income Support and Risk Management Programs” by Carl Zulauf (AEDE-RP-0105-08, May 2008). Both papers are available at <http://aede.osu.edu/resources/docs/display.php?cat=21>. Full legal text of the Bill is available at <http://agriculture.house.gov/inside/2007FarmBill.html>.

TITLE II: CONSERVATION

- ▶ Reduces maximum acres in the Conservation Reserve Program (CRP) from 39.2 to 32 million
 - ▲ Authorizes a pilot program to allow CRP to enroll 1 million acres of wetland and buffer acres
 - ▲ Permits managed harvesting (includes for biomass) and wind turbines on CRP land provided the activity is consistent with environmental goals (including wildlife) --- CRP rent is reduced
 - ▲ Creates an incentive program to transition CRP land being returned, in whole or in part, to production by retired or retiring farmers to beginning or socially disadvantaged farmers
- ▶ Increases acres in the Wetland Reserve Program (WRP) from 2.275 to 3.0412 million
- ▶ Redesigns Conservation Stewardship Program (CSP) (current Conservation Security Program)
 - ▲ Producer must meet the stewardship threshold for at least 1 priority resource concern
 - ▲ Expands CSP by 12.8 million acres per year
- ▶ Increases acres in the Grassland Reserve Program (GRP) by 1.22 million by 2012
- ▶ Authorizes additional funds for the Environmental Quality Incentives Program (EQIP)
 - ▲ Reduces the payment limit from \$450,000 to \$300,000
- ▶ Doubles funding for the Farmland Protection Program (FPP)
- ▶ Creates a Cooperative Conservation Partnership Initiative to encourage producers to cooperate to meet conservation priorities on agricultural land and nonindustrial private forest land
 - ▲ Funded at 6% of all conservation program spending, excluding CRP, WRP, GRP, and FPP
- ▶ Directs the U.S. Department of Agriculture (USDA) to establish technical guidelines that outline science-based methods to measure the benefits of environmental services from conservation and land management activities --- a stated priority is guidelines for carbon markets
 - ▲ Guidelines will provide a framework to facilitate participation of farmers, ranchers, and forest landowners in markets for environment services
- ▶ Denies conservation program payments to anyone whose average adjusted gross nonfarm income during the previous 3 tax years exceeds \$1 million unless the person’s (entity’s) average adjusted gross farm income is two-thirds or more of average adjusted total gross income

TITLE III: TRADE

- ▶ Requires a study of the type and quality of commodities and products donated for food aid
- ▶ Creates a pilot program to assess pre-positioning of U.S. commodities in overseas warehouses
- ▶ Makes organic agricultural commodities eligible for the Market Access program
- ▶ Modifies export credit guarantee programs to address the World Trade Organization ruling on the U.S. cotton case
- ▶ Clarifies that the Bill Emerson Humanitarian Trust should be used for humanitarian emergencies
- ▶ Creates a pilot program to assess the local and regional procurement of humanitarian food aid
- ▶ Establishes an importer declaration program for designated softwood lumber and products

TITLE IV: NUTRITION

- ▶ Renames the Food Stamp Program the Supplemental Nutrition Assistance Program (SNAP)
 - ▲ Increases the funding for SNAP by \$5.4 billion over 10 years
 - Raises minimum benefit to \$14 (was \$10), then sets it equal to 8% of the Thrifty Food Plan cost for an individual
 - Increases standard deduction and asset limits; indexes them to Consumer Price Index
 - Excludes child care expenses and education and retirement accounts when calculating eligibility
 - ▲ Replaces coupons with EBT (electronic benefit transfer) cards as of the Bill's enactment
 - Existing coupons must be redeemed by the end of 1 year
 - ▲ Authorizes and funds pilot studies of using SNAP to improve health and reduce obesity
- ▶ Allows schools to specify geographic preferences, such as locally produced, for unprocessed agricultural products
- ▶ Increases funds for fresh fruits and vegetables in schools (equals \$150 million in 2011/12)
- ▶ Increases section 32 funds for fruits, vegetables, and nuts (equals \$206 million in fiscal 2012)
- ▶ Nearly doubles Emergency Food Assistance funds to purchase commodities for food banks

TITLE V: CREDIT

- ▶ Increases per farmer limit on Farm Service Agency direct farm ownership loans and direct operating loans to \$300,000 (each program) --- first increase since 1986 (limits were \$200,000)
- ▶ Authorizes a new pilot program for low-income, beginning producers to promote matched savings accounts to purchase land, breeding stocks, fruit and nut trees, and trees for timber
- ▶ Enhances existing programs for beginning and socially disadvantaged producers and establishes a new program to guarantee loans for contract land sales of \$500,000 or less

TITLE VI: RURAL DEVELOPMENT

- ▶ Funds numerous programs for infrastructure needs in rural areas --- includes water and waste disposal, broadband service in underserved areas, firefighting and emergency medical service
- ▶ Clarifies the definition of rural for several situations and programs, including the meaning of rural areas near cities of 50,000 or more
- ▶ Creates a new program to have self-identified rural areas, usually containing more than 25,000 people, collaboratively develop plans for increasing regional investment strategies
- ▶ Creates a new rural microenterprise assistance program to develop small rural businesses that add value to agricultural products --- provides funding for long term loans of \$50,000 or less
- ▶ Requires a study of rural transportation issues, including capacity and facility investment

TITLE VII: RESEARCH AND RELATED MATTERS

- ▶ Adds food and agricultural sciences awards for research and extension to the existing award for teaching
- ▶ Authorizes an endowment fund, capacity-building grants, and competitive grants for Hispanic-Serving Agricultural Colleges and Universities
- ▶ Amends section on indirect costs for agricultural research, education and extension programs by (a) striking "a competitive" and inserting "any" and (b) striking "19%" and inserting "22%"
- ▶ Enhances research, education, and extension programs for organic agriculture, bioenergy and energy efficiency, specialty crops, beginning producers, and agricultural and rural transportation
- ▶ Requires preparation of a roadmap to set USDA's research, education, and extension agenda
- ▶ An Under Secretary, also designated Chief Scientist of USDA, shall organize a new Research, Education and Extension Office to coordinate USDA's research programs and activities
- ▶ Creates a new National Institute of Food and Agriculture (NIFA) to administer competitive grants, traditional land grant (Hatch, Smith-Lever, etc.), and capacity and infrastructure programs

TITLE VIII: FORESTRY

- ▶ Establishes these priorities for private forest conservation: (1) conserve and manage them for multiple use/values, (2) protect them from threats to forest health, and (3) enhance their public benefits
- ▶ Requires an assessment of a state's forest resources and identification of long term strategies for them in order to receive Federal funds
- ▶ Authorizes a community forest and open space conservation program to provide matching funds to local governments to buy private forests that (1) are threatened with conversion to non-forest use and (2) provide public benefits to communities
- ▶ Addresses issues involving National Forest land and Indian tribes, including reburials and the temporary closure of National Forest land for tribal traditional and cultural purposes
- ▶ Establishes an emergency program to restore private forests after natural disasters

TITLE IX: ENERGY

- ▶ Amends the federal programs for purchasing preference and labeling ('USDA Certified Biobased Product') of biobased products
 - ▲ Actions include requirements for designating such items, including intermediate ingredients and feedstocks, and establishing a deadline for implementing the labeling program
- ▶ Funds production incentives, loan guarantees, and grants as well as research, development, and education programs for advanced biofuels
 - ▲ Advanced biofuels are fuels derived from renewable biomass other than corn kernel starch
 - ▲ Among various uses, funds can be used for (1) incentives to produce biomass, (2) demonstration and commercial refineries, (3) incentives to produce advanced biofuels, (4) biomass research and development, and (5) biodiesel education
- ▶ Authorizes funds, grants, and loan guarantees to farmers and small rural businesses to use renewable energy and improve energy efficiency, including energy audits and feasibility studies
- ▶ Authorizes studies to assess (1) the infrastructure for biofuels and (2) the potential to produce fertilizer from renewable energy

TITLE X: HORTICULTURE AND ORGANIC AGRICULTURE

- ▶ Requires USDA to conduct a census of specialty crops as part of the *Census of Agriculture*
- ▶ Provides \$33 million over 5 years for farmer markets, including agri-tourism activities
- ▶ Mandates \$224 million over 5 years for block grants to states to address specialty crop issues
- ▶ Creates a new plant pest and disease cooperative program between USDA and states for early detection and response activities against invasive species and other plant health threats
- ▶ Authorizes increases in funding for the National Organic Certification Cost-Share Program and the National Organic Program
- ▶ Requires USDA to collect price, production, and other data for organic commodities
- ▶ Payments shall be made to producers of the 2007 crop of asparagus for market losses resulting from imports during the 2004 through 2007 crop years

TITLE XI: LIVESTOCK

- ▶ Reaffirms current law to require retailers (not restaurants) to provide country-of-origin labels by 9/30/2008 for fresh beef, lamb, pork, and fish (farm raised and wild); produce, and peanuts
 - ▲ Adds goat meat; chicken (whole and parts), ginseng, pecans, and macadamia nuts
 - ▲ Addresses labels that designate the county of origin as the U.S., foreign, or multiple
 - ▲ Provides authority to audit anyone who prepares, stores, handles, or distributes the covered commodity for retail sale for the verification of country of origin, but notes that required information is to be generated in the normal conduct of business

TITLE XI: LIVESTOCK (continued)

- ▶ Issues addressed regarding production contracts for poultry and swine include (1) conditions under which a producer can cancel a contract, (2) requirements of additional large capital investments during the contract, and (3) arbitration.
- ▶ Enables a producer to litigate disputes where the principle production occurs (in other words, not at the contracting company's headquarter)
- ▶ Permits USDA to approve interstate shipment of state-inspected meat and poultry from small establishments in states that meet federal requirements
- ▶ Permits USDA to develop a voluntary, fee-based grading program for catfish and other species of farm-raised fish and shellfish if an appropriate petition is received requesting such a program

TITLE XII: CROP INSURANCE AND DISASTER ASSISTANCE

- ▶ Authorizes \$170 million in assistance for commercial and recreational members of fishing communities affected by the salmon fishery failure in California, Oregon, and Washington
- ▶ Makes changes in the Small Business Disaster Loan Program

TITLE XIII: COMMODITY FUTURES

- ▶ Reauthorizes the Commodity Futures Trading Commission (CFTC) through 2013
- ▶ Addresses CFTC authority over retail foreign currency transactions
- ▶ Increases criminal and civil penalties for market manipulation
- ▶ Extends CFTC oversight of significant price discovery contracts traded on exempt commercial markets

TITLE XIV: MISCELLANEOUS

- ▶ Several provisions address socially disadvantaged and limited resource producers, including outreach and technical assistance, as well as accurate documentation in the *Census of Agriculture*
- ▶ Enables late filers in the *Pigford vs. Glickman* consent decree to resubmit claims
- ▶ Directs USDA to create an Office of Advocacy and Outreach for small farms and ranches, beginning farmers and ranchers, and socially disadvantaged farmers and ranchers
- ▶ Creates an Office of Homeland Security within USDA for agricultural biosecurity issues and authorizes research, teaching, and community outreach grants
- ▶ Establishes Southeast Crescent, Southwest Border, and Northern Border regional commissions
 - ▲ Goal is to leverage public and private sector resources for basic business and infrastructure development
- ▶ Prohibits the closure or relocation of Farm Service Agency county or field offices for 2 years

TITLE XV: TRADE AND TAX PROVISIONS

- ▶ Excludes Conservation Reserve Program payments to retired or disabled individuals from self-employment taxes
- ▶ Establishes a tax deduction for the costs of management practices related to recovery plans under the Endangered Species Act
- ▶ Authorizes a cellulosic biofuel production tax credit of \$1.01/gallon through 12/31/2012
- ▶ Reduces the ethanol incentive from 51¢/gallon to 45¢/gallon beginning in 2009
- ▶ Extends the tariff on imported ethanol through 2010
- ▶ If a taxpayer has received direct or counter-cyclical payments, or Commodity Credit Corporation loans; the farming loss that may offset non-farm business income is limited to the greater of \$300,000 or the taxpayer's net farm income over the last 5 years.
 - ▲ Losses that are limited can be carried forward.