

Farm Bill 2007: Passage Bogs Down In Senate
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The House passed its version of Farm Bill 2007 on July 27 and the Senate Ag Committee approved its version on October 25, 2007, but final passage bogged down in the Senate with almost no progress when congress broke for the two-week Thanksgiving recess on November 20, 2007 after a failed vote for cloture (limit further debate and bring the bill for a vote). While some contend that the Farm Bill is dead until after the 2008 elections, others feel that passage before the end of the year is possible if the Senate only addresses amendments which are germane to the Farm Bill. Senators have filed close to 270 amendments that they want to try to attach to the Farm Bill. Amendments include a wide range of issues, ranging from correcting the alternative minimum tax, to eliminating estate taxes, through a whole host of other issues, such as banning issuing of drivers licenses to illegal immigrants. Most of these 270 plus amendments are not germane to the Farm Bill. In terms of the farm sector, part of this stalemate is associated with the various interest groups wanting more money for their programs.

Meanwhile, the agricultural sector remains in limbo. Agricultural production is essential to the well being of the nation and it is a high risk business which needs assistance to manage risk. In terms of planning, even with currently high commodity prices, provisions in the farm bill play a dominant roll, from what crops to plant, through legal operating issues, to land rents, banking and financial management. Agricultural producers and the agri-business sector, which supports the agricultural sector, won't have government provided risk management information to incorporate into plans.

It appears unfortunate that the Senate is attempting to correct other problems with amendments to this bill, especially since many of the House and Senate Ag Committee provisions are similar and discussing/resolving the differences could make passage possible before the end of the year.

While the Senate Ag Committee version boosts spending by more than \$4 billion in nutrition and conservation titles and the structure/titles are somewhat different than in the House version, it essentially retains the farm safety net concept (although modified) as in the 2002 Farm Bill and the House Version of the 2007 Farm Bill.

“Safety net” concepts, such as retaining direct payment programs, extending the market price safety net, retaining base acres, allowing the establishment of base acres for newly-eligible crops and adjusting some target prices/loan rates to make values more in balance with other crops are retained in these versions. Go to <http://www.nationalaglawcenter.org/assets/crs/RL34228.pdf> for a comparison of the Current Law, House and Senate Versions of farm bills.

If the basic structure of the bill remains intact and the traditional provisions are funded at close to current levels, the new farm bill will, essentially, provide the same risk management protection which was provided by the 2002 farm bill.

Average Crop Revenue Option

Probably the biggest conceptual difference between the House and Senate Ag Committee version is that the Senate Committee version proposes the establishment of a new, optional, Average Crop Revenue option for farmers, including fixed payment rates, recourse loans, and a state-level revenue program for covered commodities, including peanuts. This change effectively creates two commodity titles. Farmers will have to decide (on a one-time basis for the life of the farm bill) if they want the current commodity program or choose the state-wide Average Crop Revenue (ACR) option. Farmers would have to give up their current direct payments and receive a \$15/acre direct payment, regardless of crop, if they enroll in ACR. While specific benefits of this option have to be developed, supporters of this option think that a significant number of farmers would select this option because they expect to have

better protection if markets collapse. For farmers who sign up for ACR, the prohibition on planting fruits, vegetables and other specialty crops on base acres would be eliminated.

Passage of Farm Bill?

There really needs to be some farm program legislation in place before the end of the year but we are still a long way from a final farm bill. The Senate must pass its version of the farm bill and a conference committee between the House and Senate must resolve any differences between the two versions. The President has to sign the legislation and it will probably take several months to translate the law into specific implementing regulations.

While a senate vote for cloture failed on November 20, 2007, measures are being taken during this Thanksgiving recess to limit amendments which are germane to the farm bill when Congress reconvenes. Consideration is being given to allow a few non-germane proposals dealing with the estate tax and the alternative minimum tax. This may mean that a new motion for cloture could pass as early as next week.

The process could be shortened significantly if the 2002 bill was extended. Keep in mind, however, that when projecting program spending levels for the new bill, projected costs are compared to the costs of the current bill over the last five years. If passage of the new farm bill is delayed into 2008, calculations would include 2007, with a current estimate of total direct government payments of \$13.6 billion, down \$2.2 billion from \$15.8 billion in 2006 and down \$10.8 billion from \$24.4 billion in 2005. According to Sen. Kent Conrad, D-N.D, If 2007 was included in the five-year average, it would “drastically reduce” the amount of money available to build a farm bill.