

LEGAL UPDATES

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# President Signs Long-Awaited Farm Bill: What You Need To Know

On Friday, February 7th, President Obama signed the Agricultural Act of 2014 (H.R. 2642), widely referred to as the 2014 Farm Bill, a comprehensive five-year farm policy package for agricultural and food assistance programs. The U.S. House of Representatives passed this legislation on January 29, 2014 by a vote of 251 to 166. The U.S. Senate passed this legislation by a vote of 68 to 32 on February 4, 2014. The legislation will cost an estimated \$956 billion over 10 years, a savings of about \$16.6 billion compared with current funding, according to the Congressional Budget Office. This is the first time that Congress has approved a new farm bill since 2008, and follows three years of short-term authorizations and disagreements between the House and the Senate.

The Agricultural Act of 2014 includes the most significant reduction to farm policy spending in history by reforming particular agricultural programs.

Repeals direct payments and limits producers to risk management tools that offer protection when they suffer significant losses.

Reduces limits on payments, tightens eligibility rules, and streamlines means tests to make farm programs more accountable.

Strengthens crop insurance, a successful public-private partnership that helps farmers manage risk and protect themselves against losses.

Provides historic reforms to dairy policy by repealing outdated and ineffective dairy programs. Offers producers a new, voluntary, margin protection program without imposing government-mandated supply controls.

Supports small businesses and beginning farmers and ranchers with training and access to capital.

A point of emphasis in the Agricultural Act of 2014 is to grow the agricultural economy. In particular, it does the following:

Boosts export opportunities to help farmers find new global markets for their goods.

Invests in state-run pilot projects, an incentive to encourage employment and training opportunities for families in need.

Creates initiatives to help veterans start agriculture businesses.

Grows American bio-based manufacturing (manufacturing processes using raw agricultural products grown in America).

Expands bio-energy production, supporting non-food based advanced biomass energy production such as cellulosic ethanol and woody biomass power.

## **Breakdown of Provisions in the Farm Bill**

**Food stamps and nutrition** – \$756 billion over 10 years (\$8 billion less than existing law).

Funding for the Supplemental Nutrition Assistance Program, commonly known as food stamps, was cut by about \$900 million a year, or roughly 1 percent.

**Commodity programs** – \$44.4 billion over 10 years (\$14 billion less than existing law).

This section includes a variety of programs to shield farmers against sharp fluctuations in prices. These programs particularly benefit corn, wheat, soybean, cotton, rice, peanut and dairy producers.

**Crop insurance** – \$90 billion over 10 years (\$7 billion more than existing law).

For decades, farmers have been able to buy federally subsidized crop insurance in case their crops fail or prices decline. But under the new farm bill, the government would spend an additional \$7 billion over 10 years to cover crop insurance deductibles.

**Conservation** – \$57.6 billion over 10 years (\$4 billion less than existing law).

This includes programs to help farmers protect against soil erosion and to use ecologically friendly methods like drip irrigation. It also includes programs that pay farmers to grow on less land.

**Trade** – \$3.5 billion over 10 years.

This money is used to promote U.S. crops overseas and provide food aid abroad. The government also offers some technical assistance to farmers in developing countries.

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**Energy** – \$1.1 billion over 10 years (a small cut).

This includes money for biofuels as well as for energy-efficiency programs in rural areas. It also provides funding to help develop biochemicals and bioplastics industries, in an attempt to reduce the country's reliance on fossil fuels.

**Miscellaneous** – about \$2.3 billion over 10 years.

This includes everything from forestry programs to rural development to research and development. There are programs for promoting farmers markets, selling off timber on federal lands, and even research into organic agriculture and citrus diseases.

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