



FACT SHEET \_\_\_\_\_ AUGUST 2007

## FARM BILL PASSES HOUSE FLOOR

The Farm Bill passed its first hurdle July 27, when the House voted to pass H.R. 2419 by a vote of 231-191. Following are some of the highlights of what is included in that bill.

### Country-of-Origin Labeling

WORC and our allies had a great win in the House Ag Committee when our calls and letters, pressured the anti-COOL supporters to decide NOT to introduce an amendment to gut the current Mandatory Country-of-Origin Law. As a result, the Ag Committee leaders directed National Farmers Union and AMI to come to a compromise.

The great news—the agreement they came to does not only change the law, but actually improves the law in the area of required labeling. Following is a summary of the agreement. Thanks to our friends at National Farmers Union for this summary.

#### Summary:

- Penalties – Reduced from \$10,000 to \$1,000 for continuous willful violations. (Note: In the past 2.5 years seafood COOL has been implemented, USDA has issued \$0 fines for non-compliance cases) (Applicable to meat and produce)
- Audit – Provides USDA Secretary authority to audit retailers and suppliers of covered commodities to determine compliance. (Applicable to meat and produce)
- Recordkeeping – The Secretary is prohibited from requiring anyone subject to an audit to provide records other than those maintained in the course of the normal conduct of business, including animal health papers, import/customs documents or producer affidavits. (Applicable to meat and produce)
- Meat grandfather clause – Animals in the U.S. prior to January 1, 2008 will be presumed as U.S. for the purposes of COOL; animals imported and born in the U.S. after January 1, 2008 will be required to meet the obligations outlined in COOL.

- Produce – State, regional or locality labeling is sufficient to meet the requirements of COOL. (e.g. Washington Apples, California Grown, etc.)

According to the agreement between NFU and anti-COOL groups, neither party will support any amendments to COOL throughout the 2007 Farm Bill drafting process (House floor, Senate consideration, conference committee).

### Competition

Despite our hard work to include a competition title in the House, the only provision from our platform that was even considered was voluntary arbitration. The Chairman's mark would have required voluntary arbitration in agricultural contracts. However, an amendment offered by Rep. Rogers of Alabama prevailed and voluntary arbitration was removed and replaced with a provision that still requires mandatory arbitration.

Representative Herseth (SD) spoke very eloquently against the amendment and in support of voluntary arbitration. She was joined by Rep. Pomeroy (ND) and Rep. Salazar (CO) in opposing the amendment. Rep. Musgrave (CO), voted in favor of the amendment that passed 26-17.

### State Meat Inspection

The House version of the Farm Bill passed with a provision allowing interstate shipment of meat. The language in the bill outlines requirement for states to participate in an interstate shipment program.

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#### WORC

220 S. 27<sup>th</sup> Street, Suite B, Billings, MT 59101  
(406)252-9672 (406)252-1092 FAX  
billings@worc.org www.worc.org

## Beginning Farmers and Ranchers

HR 2419 provides \$15 million in mandatory funding for the Beginning Farmer and Rancher Development Program. Loan limits for FSA direct operating and farm ownership loans are increased to \$300,000. There is also a new emphasis on beginning, immigrant, and socially disadvantaged farmers under the Risk Management Education Program. The bill does not include the Individual Development Account pilot program.

## EQIP (Environmental Quality Incentive Program)

The House Bill extends and increases funding for EQIP by \$2 billion by 2012 and includes the promotion of forest management and energy conservation, while allocating 60% of funds for livestock production. However, most of these funds for livestock production will go to factory farms for environmental standards compliance. It also expands the activities for which a producer can receive incentive payments to include technical services.

### *Animal Factory Subsidy Fails*

An amendment to lift the cap on payments to large farms from the Environmental Quality Incentives Program was defeated on the floor of the House. EQIP is a conservation program that gives grants to farms to improve their environmental practices. Removing the cap on farm size would allow large factory farms to receive grants to build systems for managing the vast amounts of manure their operations generate. The defeat of this amendment was good news for those trying to make factory farms pay to clean up the pollution they create.

## Biomass Cropped

The Bill has a new section creating a "Biomass Energy Reserve" or BER, which provides financial and technical assistance to landowners and operators to produce energy crops and harvest, store, and transport cellulosic material. A BER project area:

- Must be within a 50 mile radius of a bioenergy facility. (We would argue for a wider radius west of the 98th meridian).
- Cannot include federal land or forest land.
- May incorporate CRP if the harvesting takes place in accordance with a conservation plan.
- Must be from lands that had been tilled in the current or preceding crop year.

- Sets up ten regional qualified organizations (probably colleges or universities) that would advance the goal of sustainable production of dedicated energy crops and crop mixtures for bioenergy facilities.
- Does not allow program crops and invasive or noxious species.
- The Secretary of Agriculture will select at least one project in each of the 10 regions for a bioenergy facility, ensuring a variety of regionally appropriate feedstocks and biomass technologies are advanced.
- Growers would be eligible for 5-year contracts and matching payments.

## Section 123 of Title I

Section 123 of Title 1 to the 2007 Farm Bill was marked-up by the Livestock, Dairy and Poultry Subcommittee, but was not included in the final Chairman's mark in the full House Ag Committee. Section 123 would have granted the federal government, acting through the USDA, broad powers to sweep away state and local authority to protect public health and to support and promote vital agricultural interests. Section 123 would have invaded powers traditionally considered the domain of state governments and localities.

## Payment Limits

A payment limit proposal that is projected to save \$522 million over the next 10 years passed the House. It does not go as far as the Dorgan-Grassley proposal with which many of us are familiar. Thanks to the National Campaign for Sustainable Agriculture for this information.

This proposal would

- Exclude from eligibility individuals whose average adjusted gross income exceeds \$1 million.
- Excluded individuals whose average adjusted gross income is between \$500,000 and \$1 million unless two-thirds of their income is "agriculturally related."
- Eliminate the three-entity rule, which has allowed large farms to form up to three separate farming entities, effectively doubling the payment limitation.
- Establishes direct attribution rules so that payments received by entities will be attributed directly to individual shareholders, partners or members.

On the negative side:

- This amendment raises the nominal cap on Direct Payments from \$40,000 to \$60,000 (effectively \$120,000 for married couples.) The current cap of \$65,000 (\$130,000 for married couples) on Counter-cyclical payments is maintained.

- Rather than close the current loophole in the \$75,000 payment limitation on Loan Deficiency Payments, this simply eliminates the payment limitation altogether. With no cap on LDPs, this amendment provides no effective overall cap on total farm program payments. Dorgan-Grassley sets a hard cap of \$250,000 on total payments.
- Peterson also included new payment limitation provisions for Conservation programs. He set a cap of \$60,000 annually for any one conservation practice payment - or - \$125,000 annually if the producer is participating in more than one conservation program. For farmers participating in EQIP and at least one other conservation program this effectively increases the already astronomical EQIP payment limitation of \$450,000 over five years to an even bigger \$625,000.

## Local Foods Issues in the Farm Bill

- **Community Food Projects:** The Rules Committee did not allow an amendment by Rep. Earl Blumenauer (D-OR) to give Community Food Projects mandatory funding. This is unfortunate, but means that folks will need to push for funding in the Senate and in the Appropriations Bills that both houses of Congress will be voting on in the next few months.
- **Geographic Preference/Local Procurement:** An amendment offered by Rep. Steve Kagen (D-WI) to clarify previous language allowing schools to use a geographic preference to request local food in all federally-funded Child Nutrition programs, was adopted by the House Agriculture Committee and remains in the Nutrition title of the Farm Bill passed by the House.



### WORC:

#### Billings Office

220 S. 27<sup>th</sup> St., Suite B (406)252-9672  
 Billings, MT 59101 (406)252-1092 FAX  
 billings@worc.org  
 www.worc.org

#### Washington, D.C. Office

110 Maryland Ave., NE, #307 (202)547-7040  
 Washington, DC 20002 (202)543-0978 FAX  
 dc@worc.org

#### Lemmon, SD Office

2307 5th Ave NE (701) 376-7077  
 Lemmon, SD 57638 (701) 376-7077 FAX  
 jerilynn@worc.org

#### Montrose, CO Office

60584 Horizon Drive (970)323-6849  
 Montrose, CO 81401 (970)323-8840 FAX  
 montrose@worc.org

### WORC Member Groups:

#### DAKOTA RESOURCE COUNCIL

PO Box 1095 (701)483-2851  
 Dickinson, ND 58601 (701)483-2854 FAX  
 drc@drcinfo.com  
 www.drcinfo.com

#### DAKOTA RURAL ACTION

PO Box 549 (605)697-5204  
 Brookings, SD 57006 (605)697-6230 FAX  
 action@dakotarural.org  
 www.draction.org

#### IDAHO RURAL COUNCIL

PO Box 118 (208)352-4477  
 Bliss, ID 83314 (208)352-4645 FAX  
 irc@idahoruralcouncil.org  
 www.idahoruralcouncil.org

#### NORTHERN PLAINS RESOURCE COUNCIL

220 S. 27<sup>th</sup> St., Suite A (406)248-1154  
 Billings, MT 59101 (406)248-2110 FAX  
 info@northernplains.org  
 www.northernplains.org

#### OREGON RURAL ACTION

PO Box 1231 (541)975-2411  
 La Grande, OR 97850 (541)975-1844 FAX  
 chris@oraction.org  
 www.oraction.org

#### POWDER RIVER BASIN RESOURCE COUNCIL

934 N. Main St. (307)672-5809  
 Sheridan, WY 82801 (307)672-5800 FAX  
 resources@powderriverbasin.org  
 www.powderriverbasin.org

#### WESTERN COLORADO CONGRESS

P.O. Box 1931 (970)256-7650  
 Grand Junction, CO 81501 (970)243-5984 FAX  
 info@wccongress.org  
 www.wccongress.org