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Farm Bill Legislative Action in the 110th Congress

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Summary

On May 14, 2008, the House passed the conference agreement on the 2008 farm bill (H.R. 2419, The Food, Conservation, and Energy Act of 2008) by a vote of 318-106. The next day, the Senate passed the same bill by a vote of 81-15. Concurrently, on May 14, both the House and Senate passed, by voice vote, the final temporary extension of current law lasting until the earlier of May 23, 2008, or the date the 2008 farm bill was signed into law.

On May 21, the Bush Administration vetoed the legislation. Both the House and the Senate voted to override the veto, and the conference bill became law on May 22, 2008 (P.L. 110-234). However, an enrolling error resulted in one title of the bill (Title III, Trade) being omitted from the version that was sent to the White House, and the newly enacted law contains 14 of 15 farm bill titles. To resolve this issue, both the House and Senate have since passed a version of the 2008 farm bill with all 15 original bill titles (H.R. 6124). This version is also expected to be vetoed by the President the week of June 16, 2008.

The conference agreement contains 15 titles covering support for commodity crops, horticulture and livestock production, conservation, nutrition, trade and food aid, agricultural research, farm credit, rural development, energy, forestry, and other related programs. It also includes tax-related provisions that would make certain changes to tax laws, in order to offset new spending initiatives in the respective bills. The bill is intended to replace the most recent 2002 farm bill (P.L. 107-171) and to guide most federal farm and food policies through FY2012. Many provisions of the 2002 farm bill expired in September 2007, but were extended under a series of temporary extensions enacted during the farm bill debate.

The Congressional Budget Office (CBO) estimates the total cost of the 2008 bill (i.e., baseline plus new funding, using the March 2007 baseline) at just under $287 billion over FY2008-FY2012. Of the $287 billion in total five-year budget authority for programs under the new law — not including revenue and cost-offset provisions in the bill — about $42 billion (14%) in projected spending will support commodity crops, $189 billion (65%) will support the cost of food stamps and commodity assistance, $24 billion (8%) will support conservation programs, and $22 billion (8%) will support crop insurance. Another $8 billion is expected to be spent on trade, horticulture and livestock production, rural development, research, forestry and energy, and other programs. For FY2008-FY2012, the conference bill also includes nearly $4 billion in costs to pay for supplemental disaster assistance (included under Title XV). Over the full 10-year period (2008-2017), other tax-related provisions in that bill title, particularly from customs user fees in the bill, will generate additional funding for provisions throughout the conference bill, including in the nutrition, conservation, and energy titles, among others.

This report will be updated.

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Farm Bill Legislative Action in the 110th Congress

Overview

A periodic omnibus farm bill, renewed about every five years, governs federal farm and food policy. The most recent omnibus bill is the 2002 farm bill (P.L. 107-171), covering a wide range of programs including commodity price and income support, farm credit, agricultural conservation, research, rural development, and foreign and domestic food programs, among others. In 2007, both the House and Senate completed committee and floor action on their respective versions of the new farm bill, which is intended to replace current law. However, conference negotiations were initially delayed because of differences between committee leadership and the Administration. Many provisions of the 2002 farm bill expired in September 2007, but were extended under a series of temporary extensions to allow more time to resolve differences between the House- and Senate-passed bills.

On May 8, House and Senate farm bill conferees announced the details of a completed conference agreement (H.R. 2419, the Food, Conservation, and Energy Act of 2008). The following week, both chambers completed floor action and approved the final conference agreement on the 2008 farm bill. The Bush Administration vetoed the legislation, but both the House and Senate voted to override the veto. On May 22, the 2008 farm bill was enacted into law (P.L. 110-234). However, the newly enacted law contains 14 of 15 farm bill titles because an enrolling error resulted in one title of the bill being omitted from the version that was sent to the White House. To resolve this issue, both the House and Senate have since passed a version of the 2008 farm bill with all 15 original bill titles (H.R. 6124). This bill is also expected to be vetoed by the President the week of June 16, 2008.

Congressional Action

Legislative Development

In anticipation of the 2007 farm bill, both the House and Senate Agriculture Committees conducted hearings in Washington and across the country during 2006, and continued to hold hearings early in 2007.[1] Early in 2007, the chairmen of both the House and Senate Agriculture Committees indicated their intention to complete work on a new farm bill prior to the August 2007 recess, with full congressional action by September. The House Agriculture Committee conducted its markup of its

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[1] Information on House and Senate Agriculture Committee hearings is at [http://agriculture.house.gov/hearings/index.html] and [http://agriculture.senate.gov/Hearings/hearings.cfm].

version of the farm bill (H.R. 2419) in mid-July, and completed House floor action on July 27, 2007. The Senate Agriculture Committee approved its version (S. 2302) in October and, on December 14, the Senate completed floor action on its bill, which was offered as a substitute to the House bill, H.R. 2419.

However, conference negotiations were initially delayed because of differences between committee leadership and the Administration, and also differences between the House and Senate on how to resolve approaches to finance new spending above baseline using tax provisions not usually associated with farm bills. During this time, many provisions in the existing farm bill expired in September 2007. Certain provisions were extended until March 15, 2008, under the Consolidated Appropriations Act for FY2008 (P.L. 110-161). Since March, Congress has approved a series of additional temporary extensions, including a one-month extension and four consecutive short-term extensions lasting through May 23, 2008.[2] Conferees began official meetings in April 2008.

On May 8, House and Senate farm bill conferees announced the details of a completed conference agreement (H.R. 2419, the Food, Conservation, and Energy Act of 2008). On May 14, 2008, the House passed the conference agreement on the 2008 farm bill by a vote of 318-106. On May 15, the Senate passed the same bill by a vote of 81-15. Concurrently, on May 14, both the House and Senate passed, by voice vote, the final temporary extension of current law lasting until the earlier of May 23, 2008, or the date the 2008 farm bill was signed into law.

On May 21, the Bush Administration vetoed the legislation. The House voted to override the veto by a vote of 316-108 also on May 21, followed by a Senate veto override by a vote of 82-13 the next day.[3] On May 22, the 2008 farm bill was enacted into law (P.L. 110-234). However, an enrolling error resulted in one title of the bill (Title III, Trade) being omitted from the version that was sent to the White House. The newly enacted law contains 14 of 15 farm bill titles. To resolve this issue, both the House and Senate have since passed a version of the 2008 farm bill with all 15 original bill titles (H.R. 6124). This bill is also expected to be vetoed by the President the week of June 16, 2008. A timeline showing a chronology of major events is provided at the end of this report.

Brief Bill Comparison

The conference agreement on the 2008 farm bill contains 15 titles covering support for commodity crops, horticulture and livestock production, conservation, nutrition, trade and food aid, agricultural research, farm credit, rural development, energy, forestry, and other related programs. It also includes tax-related provisions that make certain changes to tax laws in order to offset new spending initiatives in the respective bills. The bill is intended to replace the most recent 2002 farm bill (P.L. 107-171) and to guide most federal farm and food policies through FY2012.

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[2] March 12 (P.L. 110-196), April 17 (P.L. 110-200), April 24 (P.L. 110-205), May 1 (P.L. 110-208), and May 14 (P.L. 110-231).

[3] To override a veto, each chamber must call a new vote and pass the bill by a two-thirds majority.

The 15 farm bill titles are as follows and include five new titles that are not in the 2002 farm bill:

- **Title I, Commodities:** Income support to growers of selected commodities, including wheat, feed grains, cotton, rice, oilseeds, peanuts, sugar, and dairy. Support is largely through direct payments, counter-cyclical payments, and marketing loans. Other support mechanisms are government purchases, marketing quotas, and import barriers.
- **Title II, Conservation:** Environmental stewardship of farmlands and improved management practices through land retirement and working lands programs, among other programs geared to farmland conservation, preservation, and resource protection.
- **Title III, Agricultural Trade and Food Aid:** U.S. agriculture export and international food assistance programs, and various World Trade Organization (WTO) obligations.
- **Title IV, Nutrition:** Domestic food and nutrition and commodity distribution programs, such as food stamps and supplemental nutrition assistance.
- **Title V, Farm Credit:** Federal direct and guaranteed farm loan programs. Also specifies loan eligibility rules and other policies.
- **Title VI, Rural Development:** Business and community programs for planning, feasibility assessments, and coordination activities with other local, state, and federal programs, including rural broadband access.
- **Title VII, Research:** Agricultural research and extension programs, including biosecurity and response, biotechnology, and organic production.
- **Title VIII, Forestry:** USDA Forest Service programs, including forestry management, enhancement, and agroforestry programs.
- **Title IX, Energy:** Bioenergy programs and grants for procurement of biobased products to support development of biorefineries and assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems, as well as user education programs.
- **Title X, Horticulture and Organic Agriculture:** A new farm bill title covering fruits, vegetables, and specialty crops and organic agriculture.
- **Title XI, Livestock:** A new farm bill title covering livestock and poultry production, including provisions that amend existing laws governing livestock and poultry marketing and competition, country-of-origin labeling requirements for retailers, and meat and poultry state inspections, among other provisions.
- **Title XII, Crop Insurance and Disaster Assistance:** A new farm bill title covering crop insurance and assistance previously included in the miscellaneous title (not including the supplemental disaster assistance provisions in the bill's Trade and Tax title).
- **Title XIII, Commodity Futures:** A new farm bill title covering reauthorization of the Commodity Futures Trading Commission (CFTC) and other changes to current law.

- **Title XIV, Miscellaneous:** Other types of farm programs and assistance not covered in other bill titles, including provisions to assist limited-resource and socially disadvantaged farmers, agricultural security, and other provisions.
- **Title XV, Trade and Tax Provisions:** A new title covering tax-related provisions intended to offset spending initiatives for some programs, including those in the nutrition, conservation, and energy titles. The title also contains other provisions, including the new supplemental disaster assistance and disaster relief trust fund.

For commodities (Title I), the 2008 farm bill generally continues the framework of the 2002 farm bill, but with changes to program eligibility criteria and payment limitations, and adjustments to target prices and loan rates for some commodities, covering the 2008 through 2012 crop years. The bill creates a new Average Crop Revenue Election (ACRE) program beginning in crop year 2009. The 2008 farm bill adds new provisions to address horticulture and livestock issues, and creates two new titles to address these sectors (Title X and Title XI). The bill provides mandatory funding for specialty crop block grants and adds new provisions supporting pest and disease programs, new funding for growth of farmers' markets and for transitioning producers to organic production, and price reporting and organic data collection, among other provisions. New animal agriculture provisions include changes to existing laws governing livestock and poultry marketing and competition, and changes in country-of-origin labeling requirements and meat and poultry inspections.

The nutrition title (Title IV) reauthorizes and increases funding for most programs. The 2008 farm bill increases benefits and loosens some eligibility standards in the Food Stamp program, renamed the Supplemental Nutrition Assistance program. The 2008 farm bill also provides new spending to increase purchases of commodities for The Emergency Food Assistance Program (TEFAP), expands the Fresh Fruit and Vegetable program, and adds funding for the Senior Farmers' Market Nutrition program (SFMNP). The bills' international food aid and trade provisions (Title III) reauthorize funding for USDA's international food aid export market development, export credits, and export guarantees, and also address barriers to U.S. agriculture exports.

Under the conservation (Title II), energy (Title IX), rural development (Title VI), and forestry titles (Title IX), the 2008 farm bill reauthorizes, expands, and modifies many existing programs, creates new programs and initiatives, and allows some programs to expire. The bill also reauthorizes, expands, and modifies many of the existing provisions under the research title (Title VII), by proposing to reorganize the administration of USDA's research, extension, and economic agencies.

The 2008 farm bill also expands borrowing opportunities under USDA's Farm Service Agency loan program (Title V) and creates a new farm bill title to address crop insurance (Title XII). Provisions in the bill would provide for permanent disaster assistance (Title XV) and address agricultural security and animal quarantine inspections (Title XIV).

The bill also includes revenue and offsetting cost provisions that are outside the jurisdiction of the agriculture committees. These provisions would make certain changes to tax laws that are intended to offset additional spending in the farm bill, and were added by both chambers to comply with current pay-go budget rules (Title XV). The 2008 farm bill adopts a Senate-proposed provision reauthorizing and making certain changes to the Commodity Futures Trading Commission (CFTC).

The report section titled "Summary of the Conference Agreement and House- and Senate-Passed Farm Bill Provisions" provides additional information on the major provisions in the final conference agreement and in the House and Senate versions of the farm bill.

Projected Cost

The Congressional Budget Office (CBO) estimates the total cost of the 2008 bill (i.e., baseline plus new funding, using the March 2007 baseline) at $289 billion over FY2008-FY2012 and $605 billion over FY2008-FY2012.[4]

Table 1 provides a title-by-title breakdown of CBO spending estimates for the conference agreement, covering both FY2008-FY2012 and FY2008-FY2017. The overwhelming share (more than 95%) of estimated total net outlays for programs included in the farm bill is anticipated to be spent on programs and activities covered by the nutrition title (65%), the commodities title (14%), and the conservation and crop insurance titles (about 8% each). Of the $289 billion in projected total five-year outlays for programs under the farm bill — not including revenue and cost-offset provisions in the bill — about $42 billion in projected spending will support commodity crops, $189 billion will support the cost of food stamps and commodity assistance, $24 billion will support conservation programs, and $22 billion will support crop insurance. Net new spending (outlays above what would be expected under current law including offsets in programs within the bill) is anticipated to total $5 billion for FY2008-FY2012. Disaster assistance and programs under the nutrition and conservation titles account for the majority of this new spending.

For FY2008-2012, another $8 billion is expected to be spent on trade, horticulture and livestock production, rural development, research, forestry and energy, and other programs. For FY2008-FY2012, the conference bill also includes nearly $4 billion in costs to pay for supplemental disaster assistance (included under Title XV). Over the full 10-year period (2008-2017), other tax-related provisions in that bill title, particularly from customs user fees in the bill, will generate additional funding for provisions throughout the conference bill, including in the nutrition, conservation, and energy titles, among others.

Over the 10-year period (FY2008-FY2017), the anticipated $604 million in total net outlays for farm bill programs are dominated by nutrition programs (67%), commodity support (14%), and support for conservation programs and crop insurance

[4] Estimates reflect the cost of the bills' mandatory programs only. The bills also include authorization of appropriations for discretionary programs not included in these estimates. The March 2007 baseline is used because the House, the Senate, and the conferees structured their provisions in relation to this baseline. If the March 2008 baseline were used, the bill's cost would be noticeably higher, by at least $4 billion over FY2008-FY2017.

(9% and 8%, respectively). As with the first five years of the bill, the majority of new money is for disaster assistance and nutrition and conservation programs. This added spending is largely offset by tax and other provisions.

Table 1. CBO Estimated Costs for the 2008 Conference Agreement on the Farm Bill (FY2008-FY2012)
(outlays in million $)

	FY2008-FY2012			FY2008-FY2017		
	Baseline	CBO Score (change)	Total	Baseline	CBO Score (change)	Total
Commodities (Title I)	43,354	(1,726)	41,628	87,179	(1,658)	85,521
Conservation (Title II)	21,392	2,720	24,112	50,699	4,000	54,699
Trade/Food Aid (Title III)	1,823	30	1,853	3,715	(78)	3,637
Nutrition (Title IV) [a]	186,005	2,897	188,902	397,131	9,218	406,349
Credit (Title V)	(1,046)	(378)	(1,424)	(2,321)	(306)	(2,627)
Rural Development (Title VI)	72	122	194	72	149	221
Research (Title VII)	290	31	321	1,290	(907)	383
Forestry (Title VIII)	0	38	38	0	45	45
Energy (Title IX)	41	602	643	43	836	879
Horticulture/Organic (Title X)	—	402	402	—	938	938
Livestock (Title XI)	—	1	1	—	1	1
Crop Insurance (Title XII)	25,718	(3,860)	21,858	52,743	(5,591)	47,152
Commodity Futures (Title XIII)	—	0	0	—	0	0
Miscellaneous (Title XIV)[b]	6,338	44	6,382	13,668	(138)	13,530
Disaster Assistance (Title XV)	—	3,807	3,807	—	3,807	3,807
Tax/Other (Title XV)	—	279	279	—	(9,695)	(9,695)
	283,987	**5,009**	**288,996**	**604,218**	**621**	**604,839**

Source: Compiled by CRS using the Congressional Budget Office (CBO) March 2007 baseline and CBO scores of H.R. 2419, the Food, Conservation, and Energy Act of 2008, published March 13, 2008.

a. New outlays for the expanded Fresh Fruit and Vegetable program required in the nutrition title, $274 million (FY2008-FY2012) and $1.020 billion (FY2008-FY2017), are not reflected in this table because they are effectively offset with money from permanent appropriations under Section 32, mandated in Title XIV.
b. Excludes estimates for crop insurance provisions previously included as part of the farm bill's miscellaneous provisions.

2002 Farm Bill Extension

The Consolidated Appropriations Act for FY2008 (P.L. 110-161), which funds most domestic programs for FY2008, extended certain provisions of the 2002 farm bill until March 15, 2008. On March 12, Congress approved a second one-month extension (P.L. 110-196), with nearly identical language to that of P.L. 110-161, that extended through April 18. Since April, Congress has passed four consecutive short-term extensions lasting through May 23, 2008.

The current short-term extension continues certain 2002 farm bill provisions that would have expired on September 30, 2007. Among these provisions, three conservation programs are funded at specific levels (Farmland Protection Program at $97 million/year, Ground and Surface Water Conservation at $60 million/year, and Wildlife Habitat Incentives Program at $85 million/year). The dairy and sugar programs are included in the extension. The dairy price support program originally would have expired December 31 and would have been replaced with costlier support provisions in permanent law. Price support loan programs for wool and mohair also are extended since those crop years begin on January 1. Programs that are *not* extended under the current short-term extension include the direct, counter-cyclical, and marketing loan programs for the 2008 crop year for all other supported commodities, peanut storage payments, agricultural management assistance for conservation, community food projects in the food stamp program, the rural broadband program, value-added market development grants, federal procurement of biobased products (2002 farm bill, Sec. 9002), the biodiesel fuel education program (Sec. 9004), and the renewable energy systems program (Sec. 9006).

For more information about what might happen if a new farm bill is not enacted and various provisions of the 2002 farm bill expire is provided in CRS Report RL34154, *Possible Expiration of the 2002 Farm Bill*.

The Administration's Reaction and Recommendations

On May 21, the Bush Administration vetoed H.R. 2419. The President is also expected to veto H.R. 6124, which includes all 15 original bill titles. The Administration's veto reflects its earlier criticism of the proposed legislative provisions in both the House- and Senate-passed farm bills. Among the reasons cited by the Administration is the inclusion of certain revenue and tax-related provisions in both bills, along with concerns that the legislation does not include certain policy reforms in farm income subsidies, and concerns about possible incompatibility with U.S. obligations under the WTO, among other policy issues.[5] Earlier, the Administration had recommended that Congress consider a one- or two-year extension of the current farm bill and take up a new farm bill in the next session.

The Administration's position statement refers to its own policy recommendations for the 2007 farm bill, which were released in January 2007. These recommendations proposed to alter many aspects of the current commodity support system and other existing farm bill programs.[6] The Administration's stated approach for designing its 2007 farm bill recommendations was to take a "reform-minded and fiscally responsible approach to making farm policy more equitable, predictable and protected from challenge."[7] In part, this referred to the Administration's perceived need to more evenly distribute federal program spending and benefits across a larger share of the U.S. farm community, as well as the perceived need to modify current farm programs to better comply with WTO

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[5] Information about what might happen if a new farm bill is not enacted and various provisions of the 2002 farm bill expire is provided in CRS Report RL34154, *Possible Expiration of the 2002 Farm Bill*.

[6] USDA, *USDA's 2007 Farm Bill Proposals*, January 31, 2007, at [http://www.usda.gov/documents/07finalfbp.pdf]. Reports and other related materials are at [http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1UH?navid=FARM_BILL_FORUMS].

[7] USDA, "Johanns Unveils 2007 Farm Bill Proposals," Release No. 0020.07, January 31, 2007, at [http://www.usda.gov/wps/portal/usdahome].

obligations and limit future legal challenges from other countries. For more information on the USDA proposal, see CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*.

CRS Report RS22131, *What Is the 'Farm Bill,'* further describes the policy setting that has influenced the development of the 2008 farm bill. In brief, the 2007-2008 farm bill debate has differed from the 2002 debate in some important ways. First, this farm bill has faced potentially significant budgetary and spending constraints. Second, this farm bill debate has continued to be influenced by constraints due to U.S. trade commitments and obligations under existing multilateral agreements. Third, as mentioned above, the Administration submitted its own detailed proposal for the new farm bill, whereas in other recent farm bills the Administration had not issued specific recommendations. Fourth, many other groups, including both traditional and non-agricultural interests, also submitted specific recommendations that range from maintaining the status quo to making dramatic policy changes.

Summary of the Conference Agreement Provisions

The following is a discussion of the major provisions in the conference agreement on the 2008 farm bill (H.R. 2419).

Title I: Commodity Programs

Grains, Oilseeds, and Cotton Support. The enacted 2008 farm bill generally continues the farm commodity price and income support framework of the 2002 farm bill. It revises payment limitations by tightening some limits and relaxing others, and adjusts target prices and loan rates for some commodities. It continues the direct payment, counter-cyclical payment, and marketing loan programs for the 2008 through 2012 crop years. The bill also creates a pilot revenue-based counter-cyclical program beginning with the 2009 crop year. The bill also has a pilot program for planting flexibility, restrictions on base acres developed for residential use, and elimination of benefits to farms with less than 10 acres.

For direct payments, the payment rates per commodity remain the same as under the 2002 farm bill, but the overall formula contains a 2% reduction in direct payments for crop years 2009-2011. This is accomplished by changing the ratio of base acres on which direct payments are made from 85% to 83.3% of base acres. The 85% ratio is restored for the 2012 crop year to maintain baseline for the next farm bill at a higher level. The reduction to 83.3% does not affect the counter-cyclical payment formula. The bill also adopts House and Senate provisions that eliminate making advance direct payments in the 2012 crop year and thereafter. This provision delays payment of 22% the direct payment amount from December to the following October, thus into a new fiscal year and allowing the farm bill to score budget savings of about $1.1 billion in FY2012. Farmers will have to wait longer, but will receive their full payment.

Support levels for counter-cyclical payments and marketing loans are adjusted with many crops receiving notable increases, and support for cotton being reduced slightly. Several commodity groups did not feel their support levels were high enough relative to other commodities in the 2002 farm bill, and did not receive counter cyclical support ever or as often (e.g., wheat, soybeans). For counter-cyclical payments, six out of 10 commodities have an increase in their target price (wheat, sorghum, barley, oats, soybeans and minor oilseeds), one has a small decrease (cotton), and four are new in 2009 (dry peas, lentils, small chickpeas, large chickpeas). For marketing loans, eight out of 20 commodities have an increase in their loan rate (wheat, barley, oats, minor oilseeds, graded wool, honey, cane sugar, beet sugar), two have a decrease (dry peas, lentils), and one is new in 2009 (large chickpeas).

The 2008 farm bill does not change the "beneficial interest" rules, and thus continues to allow farmers to lock in their LDP when market prices are low, continue to own the commodity, and sell it at a future and possibly higher market price. Policy makers want farmers to continue to have the flexibility to market their commodities in response to market signals and benefit from the program, but advocates for change point out that if farmers can sell their crop for more than the support price, then government support should be unnecessary. The Bush Administration had identified this as one if its priorities for commodity title reform.

For the new revenue counter-cyclical option — the Average Crop Revenue Election (ACRE) program — the conference report adopts the Senate approach, but with significant modifications. Compared to the Senate-passed bill, the ACRE program starts a year earlier in 2009 with less change to its interaction with direct payments and marketing loans. The House-passed farm bill offered a pilot revenue counter-cyclical program based on national-level revenues, while the Senate-passed bill offered a state-level revenue counter-cyclical pilot program beginning in 2010 that replaced direct payments with a "fixed payment" and offered only recourse loans.

Farmers will choose either the traditional price-triggered counter-cyclical program or the new revenue-based ACRE option. Participants in the ACRE program will continue to receive direct payments, but at a 20% reduced rate. Participants will also continue to be eligible for nonrecourse marketing loans, but with a 30% lower loan rate. To receive an ACRE payment, two triggers need to be met. First, the actual state revenue for a supported crop during the crop year must be less than the state-level revenue guarantee amount. Second, an individual farm's actual revenue for a supported crop during the crop year must be less than the farm's benchmark revenue. Benchmark yields at the state and farm levels are Olympic averages of the most recent five years. Price guarantees are averages of the marketing year price (or the marketing loan rate reduced by 30%, if greater) for the most recent two years. If both triggers are met, an individual farm will receive an ACRE payment that is based on the state-level difference between actual revenue and the ACRE guarantee per acre multiplied by a percentage (83.3% or 85% depending on the crop year) of the farm's planted acreage, but pro-rated based on the individual farm's yield history compared to the state's yield history.

The White House has criticized the ACRE program because its two-year price guarantee feature will incorporate the historically high recent market prices into the guarantee, and consequently possibly require large payments to farmers if market prices decline from their currently record high levels in 2007 and 2008. The White House has argued that the CBO score does not reflect the magnitude of this possibility because market prices in the baseline are expected to remain high.

The 2008 farm bill also includes a pilot planting flexibility program for fruits and vegetables for processing, while continuing the overall restriction on planting fruits and vegetables on base acreage. The pilot program begins in 2009, and allows farmers in seven midwestern states to plant base acres to cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing. Their base acres are temporarily reduced for the year (resulting in lower direct and counter-cyclical payments), but restored for the next crop year. The states include Minnesota (34,000 acres), Wisconsin (9,000 acres), Michigan (9,000 acres), Illinois (9,000 acres), Indiana (9,000 acres), Ohio (4,000 acres), and Iowa (1,000 acres).

The bill adopts a Senate provision that would eliminate base acres on land that had been subdivided into multiple residential units or other non-farming uses. Prior rules have eliminated base only for land developed for nonagricultural commercial or industrial use.

The bill also eliminates payments to farms with less than 10 base acres of all crops, except for farms owned by socially disadvantaged or limited-resource farmers and ranchers. The acreage approach is different than a House provision which set a minimum threshold of $25 per type of payment. The Senate had no similar provision.

The bill requires USDA to reconcile social security numbers of program recipients with a Social Security database twice a year to assure program beneficiaries are alive, and to issue regulations describing how long a deceased person's estate may continue to qualify for program benefits. This is less specific than the Senate provision, which specified a two-year period. This provision is in response to a 2007 GAO report showing that farm commodity payments continue to be paid to deceased farmers or their estates beyond the two-year regulation.

Payment Limits. Two types of payment limits exist. One sets the maximum amount of farm program payments that a person can receive per year. The other sets the maximum amount of income that an individual can earn and still remain eligible for program benefits (a means test).

Regarding the limit on the amount of payments, the conference agreement continues the $40,000 limit on direct payments and $65,000 limit on counter-cyclical payments. The counter-cyclical limit will apply to both traditional and revenue counter-cyclical payments. The conference bill does not place any limit on marketing loan benefits, and thus they are now unlimited. In the 2002 farm bill, marketing loan benefits were limited to $75,000, but use of commodity certificates and forfeiture were unlimited, thus creating equity issues.

The 2008 farm bill still allows doubling of those limits by having a spouse, but eliminates the "three-entity rule" that formerly allowed an alternative means of doubling by having multiple farms with different ownership arrangements. Along with elimination of the three-entity rule, the conference agreement requires "direct attribution" of program benefits to a living person. If a program payment cannot be traced to a living person within four levels of ownership, the payment to the original entity owning the farm is reduced proportionately.

Under the 2002 farm bill, the limit on payments was commonly regarded as \$360,000.[8] Given the elimination of limits on the marketing loan program, an equivalent comparison to the 2008 farm bill is difficult. The limit on direct and counter-cyclical payments, when doubled, continues to be \$210,000.

Regarding the adjusted gross income (AGI) limit, the conference agreement adopts a slightly different approach than the 2002 farm bill or the House or Senate bills. Formerly, the AGI limit had an exception if a certain proportion of AGI (e.g., 75%) was earned from farming sources. The 2008 farm bill eliminates the exception and creates two new measures of AGI: adjusted gross nonfarm income, and adjusted gross farm income.

First, if a three-year average of nonfarm AGI exceeds \$500,000, then no program benefits are allowed (direct, counter-cyclical and marketing loan). Second, if a three-year average of farm AGI exceeds \$750,000, then no direct payments are allowed (but counter-cyclical and marketing loan benefits are allowed for these higher-income farmers). Program participants can have income from both sources, but the caps for each type are "hard" caps (that is, there are no exceptions to the cap as with "soft" caps, except that the cap on farm AGI applies only to direct payments). For example, if a full-time farmer has nonfarm AGI over \$500,000, their program payments are eliminated regardless of their farm income. A taxpayer's AGI may also be between \$750,000 and \$1.25 million and still receive program benefits if the income is split in such a way to remain below the caps on farm and nonfarm income. Moreover, the 2008 farm bill adopts a Senate provision that allows AGI of a married couple to be divided as if separate tax returns were filed. While in principle this provision could allow doubling of the AGI limits, the income needs to be legitimately allocated between the spouses, likely by Social Security numbers or equivalent identifiers.

Dairy. Two federal programs that support milk prices and dairy farm income were among the farm bill programs set to expire in 2007 — the dairy price support program (DPSP) and the Milk Income Loss Contract (MILC) program. In the past under the DPSP, USDA has been required to indirectly support the farm price of milk, most recently at \$9.90 per cwt. (100 pounds), which it has done by purchasing surplus butter, nonfat dry milk, and cheese at specified minimum prices. The 2008 farm bill continues the DPSP through December 2012, but would modify the program by specifying, in the law itself, the minimum purchase prices for these manufactured dairy products. If net removals (essentially, USDA's surplus purchases) for 12 consecutive months exceed statutory limits, USDA may reduce product purchase prices, under the conference version.

[8] Calculated as follows: \$40,000 + \$65,000 + \$75,000 = \$180,000 (doubled to \$360,000).

Under expiring current law, the MILC program has paid participating farmers 34% of the difference between a target price of $16.94 per cwt. and the monthly market price for farm fluid milk in New England, when the market price is below the target. Per farm payments have been limited to the first 2.4 million lbs. of annual milk production. The 2008 farm bill extends the program, but generally increases the payment factor to 45% of the price differential for the period from October 1, 2008, through August 31, 2012, as proposed by the Senate. Conferees also increased the production limit for payments to 2.985 million pounds, compared with a Senate proposal for a 4.15 million-pound limit. Furthermore, the $16.94 per cwt. payment rate must be adjusted to reflect feed cost increases above trigger levels specified in the conference bill. CBO has estimated the total net five-year increase in outlays for the bill's key dairy provisions at $386 million.

A third federal dairy policy tool, federal milk marketing orders, require dairy processors to pay a minimum price for farm milk depending on its end use (i.e., the type of product produced). Federal orders are permanently authorized, but a number of issues have been brought to the attention of Congress for the farm bill debate. Dairy processors have been seeking a change in statute to exempt them from paying the federal milk marketing order minimum price whenever they forward contract prices with dairy farmers. The 2008 farm bill authorizes farmers to voluntarily enter into forward price contracts until September 30, 2012, with none to extend beyond September 30, 2015. The legislation contains safeguards designed to ensure that dairy farmers are not compelled by processors to participate in the program. The bill also establishes, subject to the availability of appropriations, a commission to review and evaluate federal milk marketing order policies and procedures, and in the meantime revises the formal hearing procedures used to consider amendments to the orders.

Other dairy-related provisions in the enacted bill bring Alaska, Hawaii, the District of Columbia, and Puerto Rico into the dairy research and promotion (check-off) program; lower the promotion program's assessment rate for imported products to 7.5 cents per cwt.; extend the dairy indemnity program; and provide for new USDA directives related to dairy product price reporting. For more information, see CRS Report RL34036, *Dairy Policy and the 2007 Farm Bill*.

Sugar. The sugar program is designed to guarantee the price received by growers and processors of sugarcane and sugar beets, but at no cost to the U.S. Treasury. To accomplish this, USDA limits the amount of sugar that processors can sell domestically under "marketing allotments" and restricts imports, in order to keep market prices above support levels. This way, the incentive exists for sugar cane processors and beet refiners to repay nonrecourse price support loans[9] extended by

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[9] A type of loan where farmers or processors pledge a commodity as collateral to obtain a loan from the Commodity Credit Corporation (CCC) at a commodity-specific, per-unit loan rate. The borrower may repay the loan, with interest, within a specified period and regain control of the commodity. Alternatively, the commodity can be forfeited to the CCC with no penalty if market prices fall below the loan rate at the end of the term. The government takes no recourse beyond accepting the commodity as full settlement of the loan.

USDA rather than hand over processed sugar as payment (commonly referred to as loan forfeitures).

To address the potential for a U.S. sugar surplus caused by unrestricted imports from Mexico under the North American Free Trade Agreement (NAFTA) and from other countries, added to projected loan forfeitures, the farm bill conference report would mandate a sugar-for-ethanol provision. USDA would be required to purchase U.S.-produced sugar roughly equal to excess imports, if necessary to maintain market prices above support levels. The sugar purchased would then be sold to bioenergy producers for processing into ethanol. USDA's Commodity Credit Corporation would provide open-ended funding for this program. Other provisions would increase the raw sugar and refined beet loan rates by 4%-5%, mandate an 85% market share for the U.S. sugar producing sector, and remove the discretionary authority that USDA exercises to administer import quotas. Though CBO scores some savings with the ethanol program, it projects the sugar program will cost about $650 million over five years. The Bush Administration opposes the program, arguing that instead of reform, its provisions "actually increase government intervention to drive up sugar prices." It notes that the sugar-for-ethanol component will operate at a "huge loss" as excess sugar supply is auctioned off to ethanol processors.[10]

For more background, see CRS Report RL34103, *Sugar Policy and the 2007 Farm Bill*.

Title II: Conservation

The 2008 farm bill reauthorizes almost all current conservation programs, modifies several programs, and creates several new conservation programs. Estimated new spending on the conservation title — not including estimated conservation-related revenue and cost-offset provisions in the bill — is projected to increase by $2.7 billion over 5 years and $4.0 billion over 10 years. Total mandatory spending for the conservation title is projected at $24.3 billion over 5 years (FY2008-FY2012) and $55.2 billion over 10 years (FY2008-FY2017).

Conservation programs administered by USDA can be broadly grouped into land retirement programs and so-called "working lands" programs. In general, land retirement and easement programs take land out of crop production and provide for program rental payments and cost-sharing to establish longer term conservation coverage, in order to convert the land back into forests, grasslands, or wetlands. Working lands programs provide technical and financial assistance to assist farmers to improve land management practices. Major land retirement and easement programs include the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP), the Wetlands Reserve Program (WRP), the Grasslands Reserve Program (GRP), and the Farmland Protection Program (FPP), among other programs. Major working lands programs include the Environmental Quality Incentives Program (EQIP), the (renamed) Conservation Stewardship

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[10] White House, Office of the Press Secretary, "Fact Sheet: Congress' Farm Bill Is Bad for American Taxpayers," May 9, 2008, available at [http://www.whitehouse.gov/news/releases/2008/05/print/20080509.html].

Program (CSP), the Agricultural Management Assistance (AMA) program, and the Wildlife Habitat Incentives Program (WHIP), among others.

Several changes to existing programs are adopted by the 2008 farm bill. These changes address eligibility requirements, program definitions, enrollment and payment limits, contract terms, evaluation and ranking criteria, and other administrative issues. In general, the conservation title includes certain changes that expand eligibility and the delivery of technical assistance under most programs to cover more broadly, for example, forested and managed lands, pollinator habitat and protection, and identified natural resource areas, among other expansions. Producer coverage across most programs is also expanded to include beginning, limited resource, and socially disadvantaged producers; speciality crop producers; and producers transitioning to organic production. The enacted bill also creates new conservation programs to address emerging issues and priority resource areas, and also new subprograms under existing programs.

The majority of the agriculture and farmland conservation groups have responded favorably to the expanded provisions and increased funding for programs in the conservation title of the 2008 farm bill. However, a few wildlife groups have expressed concern about changes to some provisions during the conference negotiations, which are perceived as providing fewer benefits for the protection of wildlife and wildlife habitat. Among the concerns expressed by these groups are the reduction in the CRP acreage enrollment cap reduction, easing of the requirements under the so-called sodsaver provision, limitations on the types of lands eligible under WHIP, and the new permanent disaster fund, which could encourage marginal land plantings, among other concerns.

Land Retirement/Easement Programs. The largest conservation program in terms of total annual funding is the CRP. The enacted bill caps CRP enrollment at 32 million acres, down from its current cap of 39.2 million acres. The managers report on the conference agreement states this reduction is "not ... an indicator of declining or reduced support for CRP"; however, in other sections of the report USDA is encouraged to assist producers who are transitioning from land retirement to working lands conservation. The bill makes certain program changes, including allowing for USDA to address state, regional, and national conservation initiatives; expanding the program to cover beginning and socially disadvantaged farmers/ranchers; allowing for certain types of managed grazing and installation of wind turbines on enrolled lands (but at reduced rates); requiring that program participants manage lands according to a conservation plan; requiring USDA to survey annually the per-acre estimates of county cash rents paid to CRP contract holders; clarifying the status of alfalfa grown as part of a rotation practice; and establishing cost-sharing rates for certain types of conservation structures. The bill also modifies the pilot program that allows for wetland and buffer acreage to enroll in CRP, subject to state acreage and maximum size limitations.[11]

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[11] Acreage in CREP — a subprogram within CRP — would be excluded from the CRP county acreage cap in order to encourage greater program participation.

The bill increases the WRP maximum enrollment cap to over 3.014 million acres (up from a current cap of 2.275 million acres), and expands eligible lands to include certain types of private and tribal wetlands, croplands, and grasslands, as well as lands that meet the habitat needs of specific wildlife species. The bill authorizes a new Wetlands Reserve Enhancement Program, to establish agreements with states similar to that for CREP, which includes a Reserved Rights Pilot program to explore whether reserving grazing rights is compatible with WRP. The bill makes certain program changes, including changing the payment schedule for easements; specifying criteria for ranking program applications; requiring that USDA conduct an annual survey of the Prairie Pothole Region staring with FY2008; and requiring USDA to submit a report to Congress on long-term conservation easements under the program.

For GRP, the enacted bill adopts a new acreage enrollment goal of an additional 1.2 million acres by 2012, with 40% of funds for rental contracts (10-, 15-, and 20-year duration) and 60% for permanent easements. The bill modifies terms and conditions of GRP contracts and easements to permit fire presuppression and addition of grazing-related activities, such as fencing and livestock watering. It does not include a Grassland Reserve Enhancement provision, as proposed in the House. For FPP, the bill makes several technical changes to the program, covering the program's administrative requirements, appraisal methodology, and terms and conditions, among other issues. It does not rename the program the Farm and Ranchland Protection Program, as the program is often referred to by USDA. The bill provides additional budget authority for FPP of $773 million.

Working Lands Programs. EQIP and CSP are the two largest USDA working lands programs, and received additional budget authority under the 2008 farm bill (EQIP, $3.4 billion; CSP, $1.1 billion). The enacted bill did not adopt a Senate proposal that would have closely coordinated CSP and EQIP under the so-called Comprehensive Stewardship Incentives Program.

For EQIP, the enacted bill expands the program to cover practices that enhance soil, surface and ground water, and air quality, and conserve energy; it alsocovers grazing land, forestland, wetland, and other types of land and natural resources that support wildlife. The bill sets aside 5% of EQIP spending for beginning farmers and ranchers and 5% for socially disadvantaged farmers and ranchers, providing up to 90% of the costs of implementing an EQIP plan for these farmers. It also provides payments to assist tribal or native corporation members, and producers transitioning to organic production. The bill lowers the EQIP payment limit to $300,000 (down from $450,000) in any six-year period per entity, except in cases of special environmental significance, including projects involving methane digesters, as determined by USDA. Projects with organic production benefits are capped at $20,000 annually or $80,000 in any six-year period. The enacted bill retains the requirement that 60% of funds be made available for cost-sharing to livestock producers, including incentive payments for producers who develop a comprehensive nutrient management plan.

The bill modifies EQIP's Conservation Innovation Grants program to cover air quality concerns associated with agriculture (including greenhouse gas emissions). It also replaces the Ground and Surface Water Conservation Program within EQIP with a new Agricultural Water Enhancement Program (AWEP) to address water quality and quantity concerns on agricultural land, highlighting certain priority areas and providing additional mandatory funds for the program.

For CSP, the enacted bill replaces the Conservation Security Program with a new and renamed Conservation Stewardship Program (CSP).[12] The new CSP, beginning in 2009, will continue to encourage conservation practices on working lands, but will be different than the former program in that it eliminates the three-tier approach, removes 10-year contracts, and requires direct attribution of payments, among other changes, thus requiring that USDA promulgate new rules for the program. The bill sets a target of enrolling more than 13 million acres annually in the new program, with individual producer payments limited to $200,000 per entity in any five-year period. The types of eligible lands are expanded to include priority resource concerns, as identified by states; certain private agricultural and forested lands; and also some nonindustrial private forest lands (limited to not more than 10% of total annual acres under the program). Technical assistance will also be provided to specialty crop and organic producers, along with pilot testing of producers who engage in innovative new technologies. Supplemental payments may be available to producers who engage in certain types of crop rotations. Program payments may not be used for the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices.

Among other programs, the 2008 farm bill reauthorizes WHIP at current funding levels, but limits program eligibility to focus on lands "for the development of wildlife habitat on private agricultural land, nonindustrial private forest land, and tribal lands," thus potentially excluding some previously covered areas. It also allows USDA to provide priority to projects that address issues raised by state, regional, and national conservation initiatives. The bill raises the limit on cost-share payments to 25% for long-term projects under WHIP and limits total payments to $50,000 per year. The bill also authorizes an increase funding for several programs, including the Grassroots Source Water Protection Program and the Small Watershed Rehabilitation Program; it also provides additional mandatory funding for AMA and includes Hawaii as an eligible state under that program.

New Conservation Programs. The 2008 farm bill expands the range of USDA conservation activities and creates several new programs, including a program expanding conservation activities in the Chesapeake Bay region, a new state grants program, a provision to limit production on native sod, and a provisions promoting market-based approaches to conservation.

The new Chesapeake Bay Watershed Program applies to all tributaries, backwaters, and side channels, including watersheds, draining into the Chesapeake Bay, but gives priority to the Susquehanna, Shenandoah, Potomac, and Patuxent Rivers. The bill authorizes $438 million in mandatory funding for FY2009-FY2012. The Voluntary Public Access and Habitat Incentives Program (also referred to as the "Open Fields" program) authorizes state grants to encourage landowners to provide public access for wildlife-dependent recreation, subject to a 25% reduction for the total grant amount if the opening dates for migratory bird hunting in the state are not

[12] Funding is made available for contract under the former CSP program.

consistent for residents and non-residents. The bill provides $50 million in mandatory funds for FY2009-FY2012 for the program. The so-called sodsaver provision makes producers that plant an insurable crop (over 5 acres) on native sod ineligible for crop insurance and the noninsured crop disaster assistance program for the first five years of planting. The conference agreement states that this provision may apply to virgin prairie converted to cropland in the Prairie Pothole National Priority Area, if elected by the state. Finally, the bill includes a provision intended to facilitate the participation of farmers and landowners in emerging environmental services markets, such water and air quality, habitat protection, and carbon storage. The bill directs USDA to establish a framework for developing consistent standards and processes for quantifying environmental services from the agriculture and forestry sectors, but does not authorize funding for this effort.

For more detailed information, see CRS Report RL34060, *Conservation and the 2007 Farm Bill*. For more information on individual conservation programs and past conservation funding, see CRS Report RL33556, *Soil and Water Conservation: An Overview*. For more information on conservation programs and funding, see CRS Report RL32940, *Agricultural Conservation Programs: A Scorecard*.

Title III: Trade

The conference bill reauthorizes, in Title III of the farm bill, programs that provide international food aid and that promote U.S. commercial agricultural exports. A relatively few export programs are terminated, while selected others receive increased funding.

Food Aid. The United States is the world's largest provider of food aid, accounting for about 60% of total global food aid over the last decade. The conference bill extends P.L. 480 food aid programs through 2012 and changes the title of the underlying act from Agricultural Trade Development and Assistance Act to Food for Peace Act. The bill also removes export market development as an objective of the programs under the statute. P.L. 480 Title II is the largest U.S. food aid program. The bill authorizes an appropriation of $2.5 billion annually for P.L. 480 Title II, which provides U.S. commodities for emergency relief and non-emergency (development) projects overseas. If appropriated, that amount would represent a very substantial increase over the average annual appropriation of $1.2 billion in recent years. Although authorized in the farm bill, P.L. 480 Title II is administered by the U.S. Agency for International Development (USAID).

The conference agreement on the 2008 farm bill increases the amounts of P.L. 480 funds that can be allocated to various food aid program activities. It increases the amount available for administrative and distribution expenses of food aid project implementing organizations from between 5% to 10% to between 7.5% and 13% of the fund available for Title II. The bill also provides funds — $4.5 million over the life of the farm bill — to study and improve food aid quality issues. The limit on funding available for pre-positioning of commodities overseas to help expedite delivery is increased from its 2002 farm bill level of $2 million to $10 million each fiscal year. The bill also reauthorizes a program of assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable, prepackaged foods and increases the program's funding from $3 million to $8 million each fiscal year. For monitoring and evaluation of Title II non-emergency programs, the bill provides up to $22 million annually, not more than $8 million of which could be used for USAID's Famine Early Warning System (FEWS).

Both House- and Senate-passed versions of the farm bill had contained hard earmarks for non-emergency or development food aid. The conference bill retains an earmark for development food aid (termed a "safe box level") beginning at $375 million in FY2009 and ending at $450 million in FY2012. The safe box designation can only be waived if the President determines that an extraordinary food emergency exists and that resources available from the Bill Emerson Humanitarian Trust (see below) have been exhausted, and if the President has submitted a request for additional appropriations to Congress equal to the reduction in safe box and Emerson Trust levels. Private voluntary organizations (PVOs) argued for the safe box, maintaining that it would give them assurance of the commodities they rely on to carry out development projects. The Administration opposed the safe box concept, saying that it would deprive it of the flexibility needed to respond to emergency food aid needs.

The conference bill reauthorizes other smaller programs that provide food aid to countries promoting the development of market-oriented agricultural sectors (Food for Progress, FFP) or for school feeding and nutrition programs (the McGovern-Dole International School Feeding and Child Nutrition Program). The bill reauthorizes FFP without lifting the cap on CCC-funded transportation of commodities (an action that the Senate farm bill had recommended), which effectively determines the volume of commodities that can be provided. For the McGovern-Dole program, the bill provides an additional $84 million of CCC funds to remain available until expended. The House-passed bill, however, had proposed changing the funding basis of McGovern-Dole from discretionary to mandatory and increasing spending from $140 million in FY2009 to $300 million in FY2012. The bill also reauthorizes the Bill Emerson Humanitarian Trust, a reserve of commodities and cash that can be used to provide food aid in the event of unanticipated emergency food needs.

The conference bill authorizes a $60 million pilot program for local or regional purchase of agricultural commodities for food aid programs for 2009-2012. Under current law, the United States can use P.L. 480 funds only to purchase U.S. commodities. The Administration's proposal for local/regional purchase, its only farm bill food aid proposal, would have provided for up to 25% of the funds available for P.L. 480 Title II to be allocated to this purpose. In FY2007, that would have amounted to up to $447 million. Local or regional purchases, the Administration argued, would make the U.S. response to emergencies more timely and cost-effective. Opponents of the proposal, however, maintain that it would undermine the coalition of producers, shippers, and charitable organizations that support U.S. food aid and would result in less U.S. food aid being provided. Congress's rejection of the local/regional purchase proposal is one of the reasons listed by the Administration for its veto of the farm bill.

Trade. The conference bill extends USDA's export market development programs through 2012. Although both the House- and Senate-passed farm bills had proposed increased funding for the Market Access Program (MAP), the conference bill maintains funding at the FY2007 level — $200 million annually. Similarly, the conference bill maintains funding for the Foreign Market Development Program (FMDP) — $34.5 million annually — over the life of the bill. MAP promotes mainly high value farm exports, while FMDP promotes mainly bulk or generic commodity exports. The bill revises the export credit guarantee programs to bring them into compliance with a WTO dispute settlement decision in the U.S.-Brazil cotton case that the United States lost. Changes include elimination of the 1% cap on origination fees for export credit guarantees and repeal of legislative authority for the supplier credit program (a short-term credit guarantee) and the intermediate export credit guarantee program (3-10 years). The conference bill repeals authority for the Export Enhancement Program (EEP), a direct export subsidy. The Administration requested repeal of EEP because, it argued, the program had been inactive since 1995 and repealing it would be in line with the U.S. effort to eliminate all export subsidies in ongoing multilateral trade negotiations. Additional funding is provided for the Technical Assistance for Specialty Crops (TASC) program, which focuses on eliminating sanitary and phytosanitary (food safety) barriers to U.S. agricultural exports.

Finally, the conference bill includes a provision requiring USDA to establish a softwood lumber importer declaration program. Importers will report their lumber imports, allowing data to be collected, verified, and reconciled, to assure implementation of the U.S.-Canada Softwood Lumber Agreement. The Senate had included a sense-of-the-Senate resolution encouraging the President to ensure lumber imports consistent with that bilateral agreement.

For background information on farm bill trade and food aid programs, see CRS Report RL33553, *Agricultural Export and Food Aid Programs*; for a discussion of food aid and the farm bill, see CRS Report RL34145, *International Food Aid and the 2007 Farm Bill*; for a discussion of export programs and the farm bill, see CRS Report RL34227, *Agricultural Exports and the 2007 Farm Bill*.

Title IV: Nutrition

The farm bill's nutrition title accounts for well over half of all spending on programs and activities covered by the bill, with the overwhelming majority financing the Food Stamp program. The most significant issues in (and provisions of) this title are those dealing with administration of, eligibility for, and benefits under the Food Stamp program, funding for The Emergency Food Assistance Program (TEFAP), and support for a program of making free fresh fruits and vegetables available in schools.

The enacted 2008 farm bill includes provisions that extend expiring authorities in covered programs (generally, through FY2012) and increase spending for most programs above what would be expected under prior law (above the "baseline"). The nutrition title covers the Food Stamp program, TEFAP, the fresh fruit and vegetable program in schools, the Senior Farmers' Market Nutrition program, programs in lieu of food stamps in Puerto Rico and American Samoa and on Indian reservations, rules governing procurement of food for school meal programs, and various special nutrition projects. Under pre-2008 farm bill law, these programs now cost nearly $40 billion a year and are expected to grow to almost $50 billion in FY2017.

Total spending on these and other nutrition programs is boosted by an estimated $3.2 billion (outlays) over 5 years (FY2008-FY2012) and $10.2 billion over 10 years (FY2008-FY2017).

The largest share of the new spending mandated by the nutrition title results from changes that increase benefits and loosen some eligibility standards in the Food Stamp program, which it renames the Supplemental Nutrition Assistance Program (SNAP). Added food stamp spending is estimated to total $2.3 billion over 5 years and $7.82 billion over 10 years — 73% and 77%, respectively — of the title's total cost. The major food stamp revisions:

- boost the minimum amount of income that is disregarded when benefits are calculated by increasing and then indexing the "standard deduction,"resulting in a small, but growing, general benefit increase in addition to regular increases for food-price inflation (around $4 a month in FY2009);
- increase and then index the minimum monthly benefit guarantee, setting at it at 8% of the indexed maximum benefit for one person (raising it from the current $10 to at least $14 in FY2009);
- disregard all income spent on dependent care when calculating benefits (removing existing caps on this disregard); and
- substantially loosen eligibility rules relating to assets by indexing the dollar limits on allowable liquid assets and disregarding all retirement savings/plans and education savings.

Other significant, but less important, provisions (1) continue inflation-indexed funding for nutrition assistance grants (in lieu of food stamps) to Puerto Rico and American Samoa, (2) extend the authority to operate a Food Distribution Program on Indian reservations, (3) simplify some administrative processes (like reporting requirements), (4) expand the availability of "transitional" benefits for those leaving public assistance programs, (5) give the federal government a great deal more flexibility in imposing penalties on retail food stores that violate food stamp rules, (6) add disqualification penalties for those selling food bought with food stamp benefits and those using benefits to obtain cash for container deposits, and (7) require greater federal scrutiny and oversight of state efforts to "privatize" and expand the use of computers in their administration of food stamps. The overwhelming majority of food stamp provisions represent policy changes that were included in both the House and Senate bills (although budget limits forced changes), or that were non-controversial. However, a number of significant initiatives were not adopted, generally for policy rather than cost reasons. These notably include a House proposal to place major limits on state privatization (as opposed to greater oversight) and the Senate's provisions loosening eligibility rules for able-bodied adults without dependents and eventually permitting the use of food stamp benefits to buy dietary supplements.

The nutrition title's second-largest share of new spending is for TEFAP, with estimated additional outlays of $526 million over FY2008-FY2012 and $1.26 billion over FY2008-FY2017 (17% and 12%, respectively, of the title's total estimated cost). Closely following the provisions of both the House and Senate bills, this provision under the conference bill greatly increases mandatory funding of food purchases for the program to levels well above the current requirement to acquire $140 million a year. Required commodity buys are expanded by (1) an immediate infusion of $50 million in FY2008 and (2) raising annual mandatory purchases to $250 million in FY2009 (indexed annually for food-price inflation in later years).

The third large initiative is a dramatic increase in funding for the fresh fruit and vegetable program in schools. In FY2008, approximately $20 million is available for this effort. The bill boosts mandatory outlays by $274 million (FY2008-FY2012) and $1 billion (FY2008-FY2017), representing some 10% of total new spending.

In addition to the changes in major programs noted above, the 2008 farm bill (1) includes limited authority for schools in school meal programs to use geographic preference for locally grown and raised agricultural products when procuring food, (2) increases mandatory funding for the Senior Farmers' Market Nutrition program (from $15 million a year to $20.6 million a year), (3) continues and expands support for community food projects, (4) provides money for an initiative to use the (renamed) Food Stamp program to promote health and nutrition, and (5) authorizes (and, in some cases, funds) several projects related to food distribution efforts, school gardens, "hunger-free community" initiatives, provision of whole grain products to schools, and an urban food enterprise center.

In all but a very few cases (e.g., privatization and dietary supplement provisions), there were no important policy differences between the House- and Senate-passed versions of the farm bill. However, the bills diverged greatly in the amount of new spending they proposed. For example, the FY2008-FY2012 estimated cost (outlays) of the House bill's nutrition title was $4.2 billion versus the Senate's $5.3 billion. The bills also differed in where they would have spent the money. The House devoted 78% of new funding to new food stamp spending, 14% to extra funding for TEFAP, and 7% to expanding the fresh fruit and vegetable program. In contrast, the Senate bill's food stamp provisions accounted for 66% of its total, compared to 21% for the fruit and vegetable initiative and 10% for TEFAP. The House and Senate measures further differed in another matter. The House made its policy amendments part of permanent law, producing a 10-year (through FY2017) cost estimate of $11.5 billion. On the other hand, most of the Senate's significant revisions (e.g., increased food stamp benefits) were scheduled to terminate after FY2012, resulting in a much lower 10-year cost estimate than the House or than would have been the case with permanent changes (outlays totaling $6.7 billion). Finally, the House and Senate bills provided for different extensions of expiring authorities (like the authorization of appropriations for food stamps). The House extended these authorities through FY2012, while the Senate opted for indefinite extension in most cases. The conference agreement deals with funding level issues and issues of allocation among programs as discussed earlier in this section, makes all policy changes permanent law (as in the House version), and generally extends expiring authorities through FY2012 (as in the House version).

For more information, see CRS Report RL33829, *Domestic Food Assistance: The 2007 Farm Bill and Other Legislation in the 110th Congress*.

Title V: Credit

Farm bills usually contain provisions that modify the permanent statutes for two government-related farm lenders. First, the USDA Farm Service Agency (FSA) is a federal government lender of last resort that makes direct loans or guarantees loans to farmers who cannot qualify for commercial loans. Second, the Farm Credit System (FCS) is a private lender with a statutory requirement, and limitation, to lend to farmers and certain farm-related businesses. For more information, see CRS Report RS21977, *Agricultural Credit: Farm Bill Issues*.

Farm Service Agency. The 2008 farm bill (1) further prioritizes and subsidizes Farm Service Agency lending for beginning and socially disadvantaged farmers, (2) increases lending limits per individual to $300,000 (up from $200,000) for each of the direct farm ownership and direct operating loan programs, and (3) extends and expands the guarantee program for seller-financed land loans. It creates a conservation loan guarantee program for conservation projects. Regarding "term limits" on guaranteed operating loans, which require farmers to graduate from FSA credit to commercial lenders, the conference bill extends the suspension of the enforcement of "term limits" until December 31, 2010. It also creates a pilot program of "individual development accounts" for beginning farmers and ranchers.

The Pigford Decision. The 2008 farm bill adopts a Senate provision that would permit any claimant in the Pigford decision (a 1999 suit based on past discrimination against minority farmers applying for USDA loans) who has not received compensation to petition in civil court to obtain such compensation. The total amount of payment and debt relief would be limited to $100 million. USDA would be restricted from beginning a foreclosure if the borrower can show foreclosure is related to a Pigford claim. A similar provision is also included in the House-passed bill. See CRS Report RS20430, *The Pigford Case: USDA Settlement of a Discrimination Suit by Black Farmers*.

Farm Credit System. In recent years, FCS has sought to expand its lending authority beyond traditional farm loans and into more rural housing and non-farm businesses. Commercial banks oppose expanding FCS lending authority, saying that the availability of commercial credit in rural areas is not constrained, and that FCS's government-sponsored enterprise (GSE) status provides an unfair competitive advantage. The enacted bill, like the House and Senate bills, does not allow any expansion of Farm Credit System lending authority. It does address technical changes in the payment of insurance premiums by FCS banks to the FCS Insurance Corporation, and expands the list of borrowers eligible to own Bank for Cooperatives voting stock.

Title VI: Rural Development

More than 88 programs administered by 16 different federal agencies target rural economic development. The Rural Development Policy Act of 1980 (P.L. 96-355), however, named USDA the lead federal agency for rural development. USDA administers most of the existing rural development programs and has the highest average of program funds going directly to rural counties (approximately 50%).

Three mission agencies, Rural Housing Service, Rural Business-Cooperative Service, and Rural Utilities Service, administer the various loan and grant programs. More information on these programs is in CRS Report RL31837, *An Overview of USDA Rural Development Programs*.

The enacted 2008 farm bill reauthorizes and/or amends existing rural development loan and grant programs and authorizes several new provisions. The bill adopts the Senate measure to redefine "rural" with certain modifications, most notably, striking the housing density criterion; however, it also directs USDA to conduct a rulemaking to develop restrictions on areas where housing density is greater than 200 units per square mile. The bill does not change current law with respect to rural eligibility for water and waste water disposal loans and grants and the community facility program. The bill also adopts the Senate measure (also contained in the House bill) requiring USDA to prepare a report assessing the various definitions of "rural" and the effect these various definitions have on programs administered by USDA Rural Development.

Although both the House and Senate farm bills included mandatory funding for several programs, the conference bill reduced that spending, while in some cases adding discretionary authorization. The enacted bill provides $194 million (FY2008-FY2012) in mandatory spending for rural development programs. This is a reduction from up to $550 million proposed in the House- and Senate-passed bills. The bill provides mandatory spending for a one-time funding of backlogged water and wastewater applications ($120 million); a Rural Microentrepreneur Assistance program ($13 million in mandatory and $40 million annually in discretionary spending); and Value-Added Product Grants ($15 million in mandatory spending). The bill provides no mandatory funding for rural health care facilities or the construction of child care facilities, although such funds were proposed by the Senate.

Other provisions authorized in the enacted bill include support for locally produced agricultural food products[13] and grants for assisting employment opportunities for disabled individuals in rural areas. The bill also establishes a new Rural Collaborative Investment Program and provides support for several water and wastewater programs, and adopts the Senate proposed measure to authorize a new interest rate structure for water and wastewater projects based on a index of outstanding municipal obligations. The bill also adopts other Senate provisions that authorize assistance to the Housing Assistance Council and reauthorize the Rural Business Investment Program, as well as a House and Senate provision to reauthorize the appropriate technology transfer to rural areas program (ATTRA). The bill deletes the House measure reauthorizing the Rural Strategic Investment Program, and deletes both House and Senate proposals providing guaranteed loans and grants to improve rural health care facilities.

The enacted bill adopted several House and Senate provisions to assist rural broadband development. The bill adopts the House and Senate provisions

[13] One provision proposed by the Senate provision authorizing artisanal cheese centers was deleted in conference.

reauthorizing the Access to Broadband Telecommunications Services in Rural Areas and grants to broadcasting systems, provisions directing the Secretary to develop a comprehensive national broadband strategy for rural areas, and provisions authorizing a new National Center for Telecommunications Assessment. The bill also adopts a House provision reauthorizing the Distance Learning and Telemedicine program and includes the Senate provision to make library connectivity a feature of the program. The bill deletes the Senate's proposal authorizing a "Connect the Nation Act," which would encourage state initiatives to improve broadband service; it also deletes a House provision reauthorizing "Community Connect" grants.

Other provisions in the 2008 farm bill include Senate provisions reauthorizing the Rural Economic Area Partnership and reauthorizing SEARCH grants; and also House and Senate provisions reauthorizing Rural Business Opportunity Grants and reauthorizing the National Rural Development Partnership. The bill also reauthorizes the Delta Regional Authority and the Northern Great Plains Regional Authority. In addition to those reauthorized commissions, the bill creates three new regional development authorities: the Southeast Crescent Regional Commission, the Southwest Border Regional Commission, and the Northern Borders Economic Development Commission (included under the Title XIV, Miscellaneous). The bill includes a Senate provision directing USDA to conduct studies on rural transportation issues and on rural electric power generation.

For more information, see CRS Report RL34126, *Rural Development and the 2007 Farm Bill*.

Title VII: Agricultural Research

Under the mission area called Research, Extension, and Economics (REE), the USDA is responsible for conducting agricultural research at the federal level, and for providing partial support for cooperative research, extension, and post-secondary agricultural education programs in the states. The USDA's intramural activities are carried out by the Agricultural Research Service (ARS), Economic Research Service (ERS), National Agricultural Statistics Service (NASS), and National Agriculture Library (NAL). The federally funded extramural activities are managed by the Cooperative State Research, Education, and Extension Service (CSREES). For more information on these agencies' activities, see CRS Report RL33327, *Agricultural Research, Education, and Extension: Issues and Background*.

The issues confronting Congress concerning federal agricultural research can be generally categorized under two topics: the structure of the management organization and the level of research funding. These are long-standing issues. Congress addressed the management issue in the 2002 farm bill by directing USDA to examine and report on the structure of Agricultural Research Service (ARS) management and the merits of establishing a National Institute of Food and Agriculture (possibly modeled after the National Institutes of Health). With respect to funding, there has long been a struggle under persistent budget constraints to obtain increased appropriations even sufficient to keep up with inflation. With farm commodity support as a model, the research community has attempted to obtain a portion of its money in of mandatory funds, with less reliance on discretionary appropriations.

The USDA task force report, *National Institute for Food and Agriculture: A Proposal*, was issued July 2004.[14] The proposal was presented to Congress in USDA's *2007 Farm Bill Proposals*.[15] While the USDA task force was conducting its review, the National Association of State Universities and Land-Grant Colleges (NASULGC) developed a proposal called *Create Research, Extension, and Teaching Excellence for the 21st Century* (CREATE-21).[16] CREATE-21 was presented to Congress as H.R. 2398 and S. 1094.

The research provisions in the individual House and Senate farm bills drew heavily on the recommendations of the USDA and NASULGC.[17]

Research Management. The enacted 2008 farm bill represents an amalgam of the research reorganization provisions in the House and Senate bills. The Under Secretary for the REE mission area is designated as chief scientist of the Department. Within the office of the Under Secretary is located the Research, Extension, and Education Office (REEO), which contains six divisions, each with its own director, representing the broad range of subject areas addressed by agricultural research, extension, and education programs.

The division directors are expected to work with the National Agricultural Research, Extension, Education, and Economics Advisory Board to coordinate all of the mission area's activities across the Department, including intramural research (ARS, ERS, NASS) and extramural research. CSREES, which currently is responsible for managing extramural research, will be eliminated as an agency and will become the National Institute for Food and Agriculture (NIFA). The conferees intend NIFA to be an independent, scientific, policy-setting agency for the food and agricultural sciences whose primary role is to administer competitive grants.

The enacted bill ends the National Research Initiative (NRI) and the Initiative for Future Agriculture and Food Systems (IFAFS) as distinct competitive grant programs, and establishes within NIFA an Agriculture and Food Research Initiative (AFRI) to award competitive grants for fundamental and applied research, extension, and education. The conferees authorize annual appropriations of $700 million for AFRI, representing the combined level of authorized and mandatory funding that the NRI and IFAFS were intended to receive in previous years (appropriators have prohibited the use of mandatory funds for IFAFS since 2002). The Under Secretary (chief scientist) is required to submit a unified annual budget covering all activities of the REEO and NIFA. The budget is to represent the balance of several factors,

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[14] *National Institute for Food and Agriculture: A Proposal*, report of the Research, Education, and Economics Task Force of USDA, July 2004. The report is available at [http://www.ars.usda.gov/Research/Research.htm].

[15] A link to the USDA farm bill research proposal is at [http://www.usda.gov/wps/portal/!ut/p/_s.7_0_A/7_0_1UH?contentidonly=true&contentid=2007_Farm_Bill_Title7.xml].

[16] Available at [http://www.create-21.org/].

[17] A more complete examination of the issues and legislative proposal is in CRS Report RS22693, *Agricultural Research, Education, and Extension in the 2007 Farm Bill*.

including fundamental and applied research, funding for research capacity and infrastructure, and increased support for Hispanic-serving agricultural colleges and universities, for non-land grant colleges of agriculture, and for the University of the District of Columbia.

Funding. Apart from mandatory funding of $230 million over five years for a Specialty Crop Research Initiative, and $78 million in mandatory funding for the Organic Research and Extension Initiative (included in the Horticulture and Organic Agriculture title), the 2008 farm bill authorizes annual appropriation of such sums as necessary for research, extension, and education programs, much the same as in the previous farm bill. The House bill would have preserved mandatory funding of $200 million for competitive grants under a merged NRI/IFAFS program for FY2010-FY2012.

Title VIII: Forestry

Farm bills typically deal with forestry both directly (usually in a forestry title) and indirectly (for example, by including forests and forestry practices in more general conservation programs). For a description of existing programs, see CRS Report RL31065, *Forestry Assistance Programs*.

The enacted 2008 farm bill includes a forestry title (Title VIII) with several sections addressing statewide forest resource planning. One section establishes "national private forest conservation priorities" as (1) conserving and managing working forest landscapes for multiple values and uses; (2) protecting forests from threats and restoring appropriate forest types; and (3) enhancing public benefits from private forests. Other sections require statewide assessments and strategies for forest resources (with periodic revision). The bill creates a new Forest Resource Coordinating Committee, requires the competitive allocation of a portion of state assistance funding (based on how the statewide assessments and strategies fulfill the national priorities), and allows up to 5% of state assistance funding for competitively allocated innovative projects to address the national priorities. The bill also creates a new community forest and open space conservation grant program for local entities to protect forests threatened with conversion to non-forest uses, and creates an Emergency Forest Restoration Program to provide assistance for restoration efforts for forests damaged by natural disaster.

The enacted bill extends, through 2012, the authorizations for the Office of International Forestry, the Rural Revitalization Technologies Program, Renewable Resources Extension, and Healthy Forest Reserves (with minor changes) under the Healthy Forests Restoration Act of 2003 (P.L. 108-148, 16 U.S.C. Sec. 501, et seq.). The bill also amends existing law to restrict imports of illegally logged wood. A separate subtitle — Cultural and Heritage Cooperation Authority — provides for tribal-Forest Service cooperative relations and assistance. The bill authorizes a competitive grant program to Hispanic-serving institutions to increase diversity in forestry and related fields, and allows contract modification options for certain Forest Service timber sales.

The enacted bill includes forestry-related provisions other than in the forestry title. In Title III (Trade), it requires USDA to establish a softwood lumber importer declaration program. Importers will report their lumber imports, allowing data to be collected, verified, and reconciled, to assure implementation of the U.S.-Canada Softwood Lumber Agreement. In Title XV (Tax Provisions), the agreement authorizes a new type of tax-exempt private bond whose proceeds are used to finance forest conservation. It also modifies income tax deductions for qualified timber gains, and includes several provisions to modernize and clarify the tax treatment of timber real estate investment trusts (REITs).

Title IX: Energy

Interest in renewable energy has grown rapidly since late 2005 due, in large part, to a strong rise in domestic and international fuel prices and a dramatic acceleration in domestic biofuel production (mostly ethanol). Many policymakers view agriculture-based biofuels as both a catalyst for rural economic development and a response to growing energy import dependence. Renewable energy's current role in the 2002 farm bill is contained in the farm bill's energy title (Title IX) and concentrates on grants, loan, and loan guarantees to foster research on agriculture-based renewable energy, to share development risk, and to promote the adoption of renewable energy systems. USDA's Bioenergy Program (Sec. 9006 of P.L. 107-171) — whose funding expired in FY2006 — has been the primary exception in that it provided incentives to expand actual production of bioenergy.

The enacted 2008 farm bill expands and extends the provisions in the energy section of the 2002 farm bill, and provides additional funding. The bill makes numerous changes to the programs in the energy title. For example, the bill combines the so-called Section 9006 program with the Energy Audit and Renewable Energy Development Program under the new Renewable Energy for America Program. The bill also creates new programs, including a Biomass Crop Assistance Program to provide financial assistance to producers for growing biomass crops and developing conversion facilities, and also the Agricultural Bioenergy Feedstock and Energy Efficiency Research and Extension Initiative to provide for competitive grants to fund projects with a focus on supporting on-farm biomass crop research and extension. This latter initiative is under the bill's research title (Title VII) and includes other bioenergy research programs.

The enacted bill continues programs for federal purchase of biobased products under the Biobased Markets Program. The bill includes a Senate-proposed provision, Biorefinery Assistance, which provides grants and loan guarantees for construction and retrofitting of biorefineries for the production of advanced biofuels. The bill also provides for grants for constructing demonstration-scale biorefineries, and loan guarantees for the development and construction of commercial-scale biorefineries that use technologies that are either pre-commercial or commercially available. The bill provides for the repowering of existing biorefineries. It incorporates the Biomass Research and Development Act of 2000 as part of the bill's energy title and will fund projects that address the critical need for integrated research and technology development in the area of biofuels. It continues the Biodiesel Fuel Education Program with an expanded list of entities targeted. Also, among the miscellaneous provisions (Title XIV), the ethanol production tax credit is lowered from 51 cents to 46 cents beginning in the first year following that in which ethanol production of 7.5 billion gallons is achieved. Finally, the 2008 farm bill establishes the cellulosic biofuel producer credit of $1.01 per gallon with special provisions for small cellulosic ethanol producers.

Mandatory spending for the enacted bill's agriculture-based energy programs are projected at $0.6 billion (FY2008-FY2012) and $0.9 billion (FY2008-FY2017). This reflects a reduction compared to funding levels proposed in the House- and Senate-passed bills. The House bill had authorized more than $3 billion in new mandatory funding and more than $1 billion in discretionary funding for provisions of the energy title; the Senate bill authorized more than $1 billion in new mandatory funding and more than $2 billion in discretionary funding. Both the House and the Senate sought to fund these provisions through various revenue and cost offset provisions in both bills, although in very different ways.

For more information on agriculture and bioenergy, see CRS Report RL34130, *Renewable Energy Policy in the 2007 Farm Bill*; CRS Report RL32712, *Agriculture-based Renewable Energy Production*; CRS Report RL33290, *Fuel Ethanol: Background and Public Policy Issues*; and CRS Report RL33928, *Ethanol and Biofuels: Agriculture, Infrastructure, and Market Constraints Related to Expanded Production*. Also see CRS Report RL33572, *Biofuels Incentives: A Summary of Federal Programs*.

Many of the federal programs that currently support renewable energy production in general, and agriculture-based energy production in particular, are outside the purview of USDA and have legislative origins outside of the farm bill. For example, the new energy act signed into law by the President on December 19, 2007 (P.L. 110-140) covers a wide range of topics with extensive attention to biofuels. In particular, it includes a dramatic expansion of the renewable fuels mandate to 36 billion gallons by 2022 with carve-outs for biodiesel (1 billion gallons by 2012), cellulosic ethanol (16 billion gallons by 2022), and corn-starch ethanol (15 billion gallons by 2015). Legislative proposals focused on renewable energy are summarized in CRS Report RL33831, *Energy Efficiency and Renewable Energy Legislation in the 110th Congress*.

Title X: Horticulture and Organic Agriculture

Sales of specialty crops, such as fruits, vegetables, and tree nuts, account for nearly one-third of U.S. crop cash receipts and one-fifth of U.S. agricultural exports, according to USDA. When floriculture, greenhouse, and nursery crop sales are included, total specialty crops account for nearly 50% of all U.S. farm crop cash receipts. However, specialty crop producers are not eligible for commodity income support programs; also, few provisions in the farm bill's 2002 conservation, trade, research, and nutrition titles specifically addressed the specialty crop industry. For more information, see CRS Report RL33520, *Specialty Crops: 2007 Farm Bill Issues*.

The enacted 2008 farm bill contains for the first time a Horticulture and Organic Agriculture title (Title X). Among the key provisions is reauthorization of the specialty crop block grant program established by the Specialty Crops Competitiveness Act of 2004 (P.L. 108-465). Under this program, each state receives a grant to support marketing research and promotion to enhance the competitiveness of specialty crops grown in the state. The 2004 act authorized appropriations to support the program (it received $7 million in each of FY2006-FY2008). The conference agreement provides mandatory funding in the amounts of $10 million for FY2008, $49 million for FY2009, and $55 million annually in FY2010 through FY2012.

Another key provision affecting specialty crops includes mandatory funding of $207 million through FY2012 to (1) establish cooperative agreements with state departments of agriculture for early plant pest detection activities; (2) establish a threat identification and mitigation program for foreign pests and diseases; and (3) provide funds and technical assistance to specialty crop producers to develop audit-based certification systems to lessen the risks of pest emergence and movement. The conference agreement also provides $20 million over four years to establish centers where the specialty crop industry can obtain pest- and disease-free plant source material, and authorizes appropriations to establish a Pest and Disease Revolving Loan Fund to help local governments purchase equipment for the speedy removal of trees that must be destroyed to stop the spread of a pest or disease infestation.

The enacted bill also contains several provisions to encourage the consumption of fresh fruits and vegetables. One provides $33 million through FY2012 to expand the existing Farmers' Market Promotion Program, with a requirement that 10% of the funds be used to make it possible for beneficiaries of federal nutrition programs to use their electronic benefits cards at farmers' markets. Another provides $5 million to establish a Healthy Urban Food Enterprise Development Center to help make affordable, nutritious fresh foods more readily available in low-income communities and neighborhoods. Finally, the bill contains provisions to increase the amount of fresh fruits and vegetables to be purchased for USDA nutrition programs (see Title IV, Nutrition programs).

Another major component of Title X of the 2008 farm bill includes provisions supporting organic agriculture. The conferees reauthorize the National Organic Cost-share Program[18] and provide a one-time transfer of $22 million in FY2008 (available until expended) to help defray farmers' costs for obtaining certification under the National Organic Program; the amount that an individual farmer can receive in cost-share assistance is raised from $500 to $750. The conference report also includes $5 million in mandatory funding for data collection on organically grown crops, authorizes the appropriation of an additional $25 million over five years for that purpose, and requires USDA to spend $3.5 million of the total to collect and distribute up-to-date price data for the organic market. Another provision authorizes increased appropriations to support the administrative work of the National Organic Program office. Title II (Conservation) contains a provision making producers who want to convert from conventional to organic farming eligible for cost-share and technical assistance under the Environmental Quality Incentives Program.

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[18] In the 2002 farm bill, Congress established this program and provided a one-time transfer of $5 million in mandatory funds to help transition farmers to organic production.

Title XI: Livestock

Competition and Marketing. Rapid changes have occurred in recent decades in the structure and business methods of agriculture in general and of animal agriculture in particular. Production and marketing have been moving toward fewer and larger operations (sometimes referred to as consolidation or concentration), and toward vertical integration, although the pace of these changes has varied widely across the sectors. Debate has revolved around the impact of such changes on farm prices, on the traditional system of independent, family-based agriculture, on consumers, and on global competitiveness. Inherent in these questions is the role government should play in monitoring and regulating agricultural markets. For more information see CRS Report RL33958, *Animal Agriculture: 2007 Farm Bill Issues.*

The enacted 2008 farm bill contains a new title on Livestock (Title XI) that scales back much of the language in the Senate-passed bill aimed at more closely regulating livestock and poultry markets. For example, conferees deleted Senate language that would have prohibited most major packers from owning, feeding, or controlling livestock except within 14 days of slaughter. Also deleted was a Senate provision to establish at USDA a new Special Counsel for Agricultural Competition to investigate and prosecute violations of competition laws. Title XI of the conference bill would change the Agricultural Fair Practices Act to alter the definitions of associations and handlers, but Senate provisions intended to strengthen USDA's oversight and enforcement of the act were deleted, as were Senate provisions to give USDA stronger enforcement authorities over live poultry dealers under the Packers and Stockyards Act (P&SA), among other P&SA changes. In their place, conferees added language requiring an annual report detailing investigations into possible violations of the P&SA.

Also narrowed was Senate language governing contractual arrangements between producers and integrators. Under the conference compromise, a poultry or swine grower — a more limited definition of a contract producer than in the original Senate bill — has the right to cancel a contract within 3 business days of execution, unless a later date is specified in the contract. In lieu of Senate language limiting the conditions under which a contractor could require a producer to make additional capital investments, the conference language stipulates that the possibility of such an investment be conspicuously stated in the contract. Several other provisions retained, in somewhat modified form, in the enacted bill are intended to give producers additional protections when disputing contract terms.

The enacted bill contains provisions intended to improve electronic reporting under the Livestock Mandatory Price Reporting program administered by USDA's Agricultural Marketing Service (AMS), and to study the effects of requiring pork processing plants to report wholesale pork price information.

Country-of-Origin Labeling. The 2002 farm bill (§10816 of P.L. 107-171) required retailers to provide country-of-origin labeling (COOL) for fresh produce, red meats, peanuts, and seafood by September 30, 2004. Congress has twice postponed implementation for all but seafood; COOL now must be implemented by September 30, 2008. COOL does not apply to processed versions of these products, to poultry, a competing meat, or to dining-out establishments. There has been vigorous debate over whether this new program is desirable and necessary, its purposes, and its likely impacts on farmers, processors, retailers, and consumers. Opponents of mandatory COOL prefer a voluntary or market-driven program or at least some relaxation of the COOL law's compliance language. Supporters have continued to seek Congress's and USDA's assurance that the mandatory program will be implemented expeditiously. For a more detailed description of current law, requirements and issues see CRS Report 97-508, *Country-of-Origin Labeling for Foods*.

The 2008 farm bill would implement the mandatory program on its current schedule. However, for red meats, it creates several new types of label categories that are intended to facilitate and simplify compliance in specifying the country or countries of the products. For all covered commodities, the bill also would ease recordkeeping and verification requirements, and lower noncompliance penalties. The bill also extends COOL to goat meat, chicken (which competes with red meats in the market and which, unlike red meats, primarily is domestically produced), ginseng, pecans, and macadamia nuts as covered commodities.

Inspection, Registries, and Grading. The 2008 farm bill includes provisions covering state-inspected meat and poultry, reportable meat and poultry registries, and catfish grading and inspection, among other provisions.

Federal law now prohibits state-inspected meat and poultry plants from shipping their products across state lines, a ban that many states and small plants want to overturn. Limiting state-inspected products to intrastate commerce is unfair, many state agencies and state-inspected plants argue, because the 27 current state-operated programs by law already must be, and are, "at least equal" to the federal system. Those who oppose allowing state-inspected products in interstate commerce argue that state programs are not required to have, and do not have, the same level of safety oversight as the federal, or even the foreign, plants. Both the House and Senate farm bills contained language to enable state-inspected plants to sell products in interstate commerce, but under divergent policy approaches.

Conferees adopted the Senate's version, whereby state-inspected plants with 25 employees or less may opt into a new program that subjects them to federal laws and oversight, for which they may gain the federal mark of inspection and the ability to ship interstate. They would still be inspected by state employees, but these employees would be under the supervision of a federal employee who will oversee training, inspection, compliance, and other activities. States would receive at least 60% reimbursement of their costs (compared with 50% under the existing federal-state program, which could also continue). The Senate language is a compromise package acceptable to both opponents and supporters of the House language (below), which among other things could have enabled many plants currently under federal inspection to apply for state inspection and continue to ship interstate. Opponents of the House option feared that many would seek to leave the federal system if they believed they could receive more lenient oversight by the states. (For background, see CRS Report RL34202, *State-Inspected Meat and Poultry: Issues for Congress*.)

Conferees modified a provision in the Senate but not House bill to require USDA to establish "reportable food registries" for meat and poultry and their products, whereby establishments would have to report whenever there were a probability of such foods causing adverse health consequences. (The FDA amendments legislation passed in 2007, P.L. 110-85, establishes a similar registry for FDA-regulated foods.) The conference substitute amends the meat and poultry laws to require an establishment to notify USDA if it has reason to believe that an adulterated or misbranded product has entered commerce. Another adopted provision requires meat and poultry establishments to prepare and maintain written recall plans.

Conferees modified Senate bill language to provide for new USDA initiatives affecting farm-raised domestic catfish: a voluntary grading program administered through the Agricultural Marketing Service (AMS), and mandating safety inspection of such products by FSIS (i.e., making catfish an amenable species along with the major meat and poultry species). The House bill lacked this language. The final version provides for catfish grading as a voluntary fee-based program, with producers of other seafood species eligible to petition USDA for a similar service. Conferees agreed to extend mandatory inspection to catfish processors, further authorizing FSIS to take into account the conditions under which catfish are raised and processed. Although other fish and shellfish are not covered by the final amendment, conferees noted in their accompanying report that the Secretary of Agriculture has standing authority to add species if appropriate.

The conference report states the intent of Congress "that catfish be subject to continuous inspection and that imported catfish inspection programs be found to be equivalent under USDA regulations before foreign catfish may be imported into the United States." Language in the bill itself instructs the Secretary to define the term "catfish." However, the 2002 farm bill (P.L. 107-171, §10806) had amended the Federal Food, Drug, and Cosmetic Act to limit the acceptable definition to one family of catfish ("Ictaluridae"), effectively prohibiting the labeling of certain Asian-grown fish as catfish. So, the scope of the regulatory definition developed by the Secretary of Agriculture could be of some interest.

Other Provisions. Conferees deleted two provisions in the Senate bill. One provision would have established a Congressional Bipartisan Food Safety Commission that would have been required to report, within one year, on recommendations for modernizing food programs. The provision was intended to be in response to recent food safety incidents linked to both imported and domestic foods, which have brought into focus the question of whether there is a need for changes in federal food safety oversight. At issue is whether the current system has the statutory authorities, resources, and structural organization to protect consumers from unsafe food. The second provision would have prohibited FDA from issuing a final risk assessment or from lifting the voluntary moratorium until completion of newly mandated studies on the safety and market impacts of introducing products from cloned animals. The provision was intended to be in response to FDA's request that companies refrain voluntarily from marketing meat and milk from cloned animals or their progeny until it can complete a final assessment of their safety.

Title XII: Crop Insurance

The federal crop insurance program is designed to protect crop producers from unavoidable risks associated with adverse weather, weather-related plant diseases, and insect infestations. Although the scope of the crop insurance program has widened significantly over the past 25 years, the anticipated goal that it would replace *ad hoc* disaster payments has not been achieved.

The crop insurance program is permanently authorized and hence does not require consideration in the farm bill. Some policymakers expressed interest in expanding the crop insurance program in the context of the farm bill and/or complementing it with a permanent disaster payment program. However, many viewed the crop insurance program as a potential target for program cost reductions, where savings could be used to fund new initiatives in various titles of the farm bill. The Administration and others contend that the private companies should be required to absorb more of the program losses, and that the reimbursement rate for their operating expenses needs to be reduced as a means of reducing federal costs. The insurance companies and many farm groups are concerned that significant reductions in federal support will negatively impact the financial health of the crop insurance industry and possibly jeopardize the delivery of crop insurance, particularly in high-risk areas.

Like the House- and Senate passed farm bills, the enacted 2008 farm bill contains several revisions to the crop insurance program, many of which are designed to reduce program costs. For the crop insurance title in the conference agreement, CBO has estimated net savings of $3.9 billion over five years (FY2008-2012), compared with estimated savings of $4.0 billion in the House bill and $3.7 billion in the Senate bill. Approximately $2.8 billion of the estimated savings in the conference agreement (as in the House and Senate bills) is achieved through changes in the timing of premium receipts from farmers, and payments to the companies, which has no effect on overall subsidies to participating farmers or insurance companies. A portion of the five-year savings is realized by requiring insurance companies and farmers to share more in program costs. The enacted bill increases the administrative fees paid by farmers for catastrophic crop insurance coverage (and for participation in the separate noninsured assistance program) to new levels that are higher than both the House and Senate bills. The bill also reduces reimbursement rates to private companies for their administrative and operating expenses by 2.3 percentage points. Conferees did not include a House provision that would have required the insurance companies to share more of their underwriting gains with the federal government.

Among its other provisions, the crop insurance title of the 2008 farm bill also (1) requires USDA to ensure that premiums are established at a level so that total premiums equal total indemnity payments over time; (2) allows USDA to periodically renegotiate its standard reinsurance agreement, which contains the obligations and financial terms of the relationship between the government and the participating private crop insurance companies; (3) reduces available mandatory funding for reimbursing private initiatives for the research and development of new crop insurance products, and revises the manner in which reimbursements are provided; and (4) provides $36 million in mandatory funding over 10 years for USDA to enhance its activities to reduce waste, fraud, and abuse within the crop insurance program.

For more background information on crop insurance, see CRS Report RL34207, *Crop Insurance and Disaster Assistance: 2007 Farm Bill Issues*.

Title XIII: Commodity Futures

Title XIII of the enacted 2008 farm bill includes provisions that reauthorize appropriations for the Commodity Futures Trading Commission (CFTC) for FY2008-FY2013. The bill also makes several amendments to the Commodity Exchange Act to (1) clarify CFTC jurisdiction over retail financial contracts based on foreign currencies, (2) make the CFTC's anti-fraud authority applicable to certain off-exchange or over-the-counter derivatives contracts, (3) increase civil monetary and criminal penalties for violations, (4) permit cross-margining of accounts in security futures and options, and (5) establish CFTC regulation over certain exchange-like trading facilities that are currently exempt from most regulation.

The last section is the most controversial, and deals with an issue — sometimes referred to as the "Enron loophole" — that Congress has addressed several times since 2000.[19] These provisions of the bill would apply to electronic markets, other than regulated futures exchanges, where contracts based on energy commodities, metals, and other non-agricultural and non-financial commodities are traded. Under current law, such markets (or electronic trading facilities) are required to notify the CFTC of their operations, but are generally exempt from substantive regulation provided that small public investors are not permitted to trade there.

Under the enacted bill, if the CFTC determined, according to criteria set forth in the bill, that such a market played a significant role in the price-setting process (that is, if market participants looked to prices generated there as a guide to their own transactions in the underlying commodities), the market would become subject to regulation that was roughly comparable to (but somewhat less extensive than) CFTC regulation of the exchanges. Markets where "significant price discovery" contracts were traded would be required to comply with several core principles, which would hold the markets responsible for making and enforcing rules against price manipulation and other forms of abusive trading, monitoring trading, reporting of daily transaction data regarding volume and price, guarding against conflicts of interest, and reporting of large positions held by individual traders. Failure to comply with these principles would give the CFTC grounds to suspend or revoke the market's registration.

Title XIV: Miscellaneous

The miscellaneous provisions in the 2008 farm bill cover various provisions that are discussed in other sections of this report, including in the research, energy, and rural development title sections. Below is a discussion of the first two subtitles, covering socially disadvantaged and limited resource producers (Subtitle A) and agricultural security (Subtitle B). The title also includes other miscellaneous provisions (Subtitle C), some of which are not separately detailed in this report.

Socially Disadvantaged and Limited Resource Producers. Several provisions in the enacted bill address outreach and assistance for socially disadvantaged farmers and ranchers and limited-resource farmers and ranchers, a

[19] See CRS Report RS21401, *Regulation of Energy Derivatives*, by Mark Jickling.

measure authorized by Section 2501 of the 1990 farm bill. Both the House and Senate farm bills contained this provision. Other farm bill titles in the bill contain similar provisions for the Section 2501 program, including conservation (Title II), farm credit (Title V), rural development (Title VI), agricultural research (Title VII), and crop insurance and disaster assistance (Title XII).

The enacted bill specifies that the Technical and Outreach Assistance Program is to be used to enhance the coordination, outreach, education, and assistance authorized under various USDA programs, and provides $75 million in mandatory funding. The bill requires USDA to document the number, location, and economic contributions of socially disadvantaged and limited-resource farmers and ranchers. As part of the efforts to address the needs of socially disadvantaged and limited-resource farmers and ranchers, the bill also authorizes a new USDA Office of Advocacy and Outreach to carry out the Section 2501 program, but also to oversee the Minority Farmer Advisory Committee and carry out the functions of the Office of Outreach and Diversity previously handled by the Office of Assistant Secretary for Civil Rights. The bill also authorizes a new Office of Small Farms and Beginning Farmers and Ranchers, to be subsumed into the Office of Advocacy and Outreach.

The bill also addresses the so-called Pigford decision regarding the 1999 class action discrimination suit against USDA. Both the House and Senate farm bills contained this provision. The bill provides that Pigford claimants who have not had their cases determined on the merits may, in a civil action, obtain such a determination. The enacted bill further specifies steps USDA must take with regard to settling the claim and provides mandatory funding of $100 million for FY2008 to pay for successful claims.

Agricultural Security. The 2008 farm bill creates an Office of Homeland Security within USDA to coordinate the department's agroterrorism and agricultural disease efforts and to be a liaison with other federal agencies. It also creates an agricultural biosecurity communications center. The conference bill also creates competitive grant programs for agricultural biosecurity and countermeasures development.

Regarding foreign animal diseases, the enacted bill adopts the Senate provision that would compel USDA to issue a permit to DHS to possess and work with live foot and mouth disease (FMD) virus at the proposed and yet-to-be-built National Bio- and Agro-Defense Facility, subject to compliance with USDA rules for handling "select agents." For more information, see CRS Report RL34160, *The National Bio- and Agro-Defense Facility: Issues for Congress.*

Title XV: Trade and Tax Provisions

Supplemental Agricultural Disaster Assistance. The enacted 2008 farm bill adopted a modified version of a Senate provision authorizing a permanent disaster payment program for crop years 2008-2011. The cost of the final conference provision is projected at $3.8 billion, compared to the Senate proposal at $4.1 billion (FY2008-FY2012). The program will be funded through an allocation of tariffs (Title XV, Subtitle B, Customs User Fees). The House also considered a similar permanent disaster program during its committee negotiations, but did not include it in the

House version of the farm bill because of cost considerations. Assistance will be provided through five disaster programs: (1) a crop disaster payment program, (2) a livestock forage program for drought-affected livestock farmers, (3) a tree assistance program to compensate fruit and tree nut growers for the cost of replanting after a disaster, (4) a livestock indemnity program to compensate ranchers for livestock losses caused by a disaster, and (5) emergency assistance for livestock, honey bees, and farm-raised fish. Additional details on this provision will be provided in subsequent updates of this report.

For more information on crop insurance and disaster assistance, see CRS Report RL34207, *Crop Insurance and Disaster Assistance: 2007 Farm Bill Issues*, and CRS Report RS21212, *Agricultural Disaster Assistance.*

Tax Provisions. The tax portions (Title XV) of the 2008 farm bill differ markedly from those in either the House- or the Senate-passed versions of the bill. The enacted bill's tax cuts consist of six groups, respectively containing provisions for revenue, an agriculture disaster reserve fund, conservation, energy, agriculture, and other provisions.

The single largest revenue-raising provision in the 2008 farm bill involves a change in the estimated tax payment of corporations. Other revenue-raising provisions limit the excess farming losses of certain taxpayers and modify the incentives related to alcohol fuels.

The single largest revenue-losing provision in the enacted bill pertains to the agriculture disaster reserve fund. Other revenue-losing provisions reduce the depreciable life of race horses, increase the credit for cellulosic biofuel, and deal with the creation of a qualified forest conservation bond pilot.

The enacted contains tax-related and revenue provisions related to conservation, energy, and agricultural provisions, among other revenue provisions. For example, among the conservation provisions, the bill authorizes a new type of tax-exempt private bond whose proceeds are used to finance forest conservation; it also modifies income tax deductions for qualified timber gains, and includes several provisions to modernize and clarify the tax treatment of timber real estate investment trusts (REITs). Additional details on these provisions will be provided in subsequent updates of this report.

Although the enacted bill contained many of the provisions from the Senate-passed bill and one of the two tax provisions in the House-passed bill, it does not include the largest single revenue-raising provision from either bill. The Senate bill's largest revenue raiser, a codification of the judicial "economic substance" doctrine, was designed to curtail the use of tax shelters. In general terms, the doctrine denies the use of tax-reducing items, such as tax deductions and credits, generated by transactions that do not result in a meaningful change in the taxpayer's economic position. The House bill's largest revenue-raising provision was designed to curb what is sometimes termed "treaty shopping" — situations where a foreign firm with a U.S. subsidiary routes payments from its U.S. subsidiary through a subsidiary in another country so as to take advantage of tax-treaty benefits.

For additional information on the tax provisions of the House and Senate farm bills, see CRS Report RS22759, *Farm Legislation and Taxes in the 110th Congress*. Other related reports include CRS Report RL34338, *Legal Analysis of the Conservation Easement Tax Credit in the Senate Version of H.R. 2419 (the 2007 Farm Bill),* and CRS Report RS22851, *The Conservation Reserve Program: Legal Analysis of Proposed Legislation to Change the Structure and Taxation of Benefits Received*.

Appendix: 2007-2008 Farm Bill Debate Timeline

May 2005 — One of the first comprehensive sets of recommendations for the next farm bill is released by a major agricultural trade association, followed by proposal by other major interest groups and organizations (both traditional farm and nonfarm groups).

July 7, 2005 — U.S. Department of Agriculture (USDA) begins its series of 52 farm bill forums starting in Nashville, TN, and covering nearly all states (excl. Louisiana and Mississippi due to Hurricane Katrina.).

February 6, 2006 — House Committee on Agriculture begins farm bill listening field hearings in Fayetteville, NC, and other hearings to review federal farm policy.

June 23, 2006 — Senate Agriculture, Nutrition, and Forestry Committee begins regional farm bill hearings in Albany, GA, and other hearings to review federal farm policy.

January 2007 — House and Senate Agriculture Committees begin hearings on selected farm bill topics.

January 31, 2007 — USDA releases its farm bill recommendations, covering each title of the current law.

February 2007 — One of the first comprehensive bills recommending broad changes to current law is introduced in the Senate, followed by other broad-based bill introduced by others in the House and Senate.

March 21, 2007 — Congressional Budget Office (CBO) releases its multi-year March baseline estimate of spending, providing the starting point for the budget allocation for the new farm bill.

March 21, 2007 — House Committee on Agriculture begins subcommittee markup on individual titles of the farm bill, proceeding through June 19, 2007.

May 17, 2007 — Congress approves the FY2008 budget resolution, adopting the baseline budget as the fiscal parameters and including a $20 billion reserve for the new farm bill.

July 17, 2007 — House Committee on Agriculture begins full committee markup on individual titles of the farm bill (H.R. 2419), proceeding through July 19, 2007.

July 26-27, 2007 — Floor debate and passage of H.R. 2419 in the House.

October 4, 2007 — Senate Finance Committee approves a bill (S. 2242) that would create new tax credits and a disaster trust fund for farmers, as part of the 2002 farm bill reauthorization.

October 24, 2007 — Senate Agriculture Committee begins full committee markup on individual titles of the farm bill (S. 2302), proceeding through October 25, 2007.

November 5, 2007 — Senate floor debate begins, with the Senate Agriculture Committee Chairman offering an amended Senate bill as a substitute (S.Amdt. 3500) to H.R. 2419. The bill includes provisions in S. 2242.

November 16, 2007 — Further action in the Senate is delayed when a key vote in the Senate fails to invoke cloture on the Senate version of the farm bill.

December 14, 2007 — Floor debate and passage of the Senate version of the farm bill, which was offered as a substitute to H.R. 2419.

December 26, 2007 — The Consolidated Appropriations Act for FY2008 (P.L. 110-161) is signed into law and extends certain expiring provisions of the 2002 farm bill until March 15, 2008.

February 4, 2008 — Senate appoints conferees.

March 12, 2008 — Congress approves a one-month extension (P.L. 110-196) that extends current law through April 18, 2008.

April 9, 2008 — House appoints conferees.

April 17, 2008 — Congress approves a one-week extension (P.L. 110-200) that extends current law through April 25, 2008.

April 24, 2008 — Congress approves a one-week extension (P.L. 110-205) that extends current law through May 2, 2008.

May 1, 2008 — Congress approves a two-week extension (P.L. 110-208) that extends current law through May 16, 2008.

May 8, 2008 — House and Senate farm bill conferees announce details of the completed farm bill conference agreement. The Administration announces its intention to veto the legislation in its present form.

May 14, 2008 — The House passes the conference agreement (H.R. 2419, the Food, Conservation, and Energy Act of 2008) by a vote of 318-106. Both the House and Senate pass, by voice vote, a one-week extension (P.L. 110-208) to extend current law through May 23, 2008, or until the 2008 farm bill, H.R. 2419, is enacted.

May 15, 2008 — The Senate passes the conference agreement by a vote of 81-15.

May 21, 2008 — The Bush Administration vetoes the legislation.

May 21, 2008 — The House votes to override the veto of H.R. 2419 by a vote of 316-108. However, it is discovered that an enrolling error resulted in one title of the bill (Title III, Trade) being omitted from the vetoed version that was sent to the White House.

May 22, 2008 — The Senate votes to override the veto of H.R. 2419 by a vote of 82-13. The conference bill became law on May 22, 2008 (P.L. 110-234), but does not contain one of the 15 titles, Title III (Trade). Congress continues to consider a range of options on how to resolve this issue. The House passes H.R. 6124, a new bill containing 15 farm bill titles.

June 5, 2008 — The Senate passes H.R. 6124 with all original 15 farm bill titles.