FARM BILL Update

- Payment Limitation
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Payment Limitation

Section 1604 of the Agricultural Act of 2014 (PL 113-79) required the Secretary to publish regulations regarding the actively engaged in farming rules. The key provisions of section 1604 are as follows:

SEC. 1604. RULEMAKING RELATED TO SIGNIFICANT CONTRIBUTION FOR ACTIVE PERSONAL MANAGEMENT.
(a) REGULATIONS REQUIRED.—Within 180 days after the date of the enactment of this Act, the Secretary shall promulgate, with an opportunity for notice and comment, regulations—
(1) to define the term ''significant contribution of active personal management'' for purposes of section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1); and

Payment Limitation

(2) if the Secretary determines it is appropriate, to establish limits for varying types of farming operations on the number of individuals who may be considered to be actively engaged in farming with respect to the farming operation when a significant contribution of active personal management is the basis used to meet the requirement of being actively engaged in farming under section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) by an individual or entity.

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(b) CONSIDERATIONS.—In promulgating the regulations required under subsection (a), the Secretary shall consider—

(1) the size, nature, and management requirements of each type of farming operation;

(2) the changing nature of active personal management due to advancements of farming operations; and

(3) the degree to which the regulations promulgated pursuant to subsection (a) will adversely impact the long-term viability of the farming operation.

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(c) FAMILY FARMS.—The Secretary shall not apply the regulations promulgated pursuant to subsection (a) to individuals or entities comprised solely of family members (as that term is defined in section 1001(a)(2) of the Food Security Act of 1985 (7 U.S.C. 1308(a)(2))).

Payment Limitation – Final Rule

- Final Rule was published on December 16, 2015. 80 FR 241, 78119
- The focus of the rule was to restrict the number of payment limitation “persons” a farming operation could have where the individual is using a contribution of “active personal management” to meeting the requirements of being “actively engaged in farming.”
- Any farming operation can have one person be “actively engaged” via a contribution of “active personal management.”
- Farming operations that FSA considers “complex” can have another person be “actively engaged” via a contribution of “active personal management.”

Payment Limitation – Final Rule

- Farming operations that FSA considers to be "large" can have another person be "actively engaged" via a contribution of "active personal management."
- No operation can have more than 3 persons be "actively engaged" via a contribution of "active personal management."
- This does not apply to family farming operations as determined by FSA.
- Farming operations with more than 1 person "actively engaged" based on "management" will be subject to additional recordkeeping requirements regarding management contributions.

Payment Limitation – Final Rule

- The final rule also provided more detail on the types of management contributions that will count as a contribution of "active personal management" for non-family farming operations seeking to qualify more than one person as "actively engaged in farming" via a contribution of "active personal management."

Yield Issues for ARC/PLC

- Section 1117 of the Agricultural Act of 2014 authorized the Agricultural Risk Coverage program (ARC).
- This program provided revenue risk protection based on a comparison between a "benchmark" yield and price verses the "actual" (or current year's) yield and price for the commodity. This protection could be based on individual yields or county yields as chosen by the producer.
- A problem arose when it was determined that the National Agricultural Statistical Service (NASS) did not have individual county yields for all of the countries for all of the commodities covered by ARC.

Yield Issues for ARC/PLC

- In the absence of NASS county yields, NASS has district yields (yields that cover more than one county), RMA has county yields for its programs, and FSA can look at similar farms data.
- In some cases these alternative sources of yield data are seen by producers as more favorable and in others less favorable.

CF Relending

- The Community Facilities (CF) loan program operated by the Rural Housing Service (RHS) of USDA-Rural Development, provides loans for a wide variety of projects that support communities, including building fire stations and community centers, purchasing vehicles to provide community services, and funding for community health centers.
- On July 6th, RHS published in the Federal Register an interim rule and accompanying Notice of Solicitation of Applications for CF loans for community lenders with a demonstrated experience in lending in persistent poverty areas in rural America. 81 FR 129, 43927

CF Relending

- The Notice announced that up to $500 million would be available for these loans.
- With these loans, community lenders will have up to five years to relend these funds to projects that otherwise would be eligible for community facilities direct loans.

Next Farm Bill issues

- Whether to continue the integration of Crop Insurance concepts into the commodity programs.
- Is margin the right way to go for dairy?
- Is choice a good thing for commodity programs?
- Whether to include nutrition programs in the Bill.