

The 2018 Farm Bill: An Overview

Anthony Aerts, Esq.

Alexandra Curry, Legal Executive Assistant – Agriculture Practice Group

General Background

The U.S. farm bill has a tremendous impact on farmers, ranchers, and rural communities in general. Congress considers a new farm bill package approximately once every five years to reauthorize vital programs for the agricultural industry, and in some years, significant changes. On December 20, 2018, The Agriculture and Nutrition Act of 2018 (“2018 Farm Bill”) was signed into law by President Trump. The bill that became law originated in the House of Representatives in April 2018 and was introduced by the Chairman of the House Agriculture Committee, Rep. Conway (R-TX). After passage in both the House and the Senate, the bill was reviewed by a conference committee containing select members of the House and Senate before being sent to the President’s desk for signature.

This article provides a general summary of the 2018 Farm Bill to help Nebraska farmers, ranchers, and rural communities better understand how they may be affected.

Structure of the Farm Bill

The farm bill is divided into 11 titles covering commodities, conservation, trade and international food assistance, nutrition, credit, rural infrastructure and economic development, agricultural research extension, forestry, horticulture, crop insurance, and other miscellaneous U.S. Department of Agriculture programs. According to the Congressional Budget Office, the total cost of the farm bill will be approximately \$453.931 billion over the FY 2019-2023 period and \$899.063 billion over the FY 2019-2028 period. Nebraska agriculture is incredibly diverse, and agricultural producers in the state produce several commodities including beef, pork, dairy, poultry, corn, soybeans, wheat, and hay, to name a few. Without a doubt, the 2018 Farm Bill impacts many aspects of our state’s largest industry - agriculture.

Title I: Commodities

Title I of the 2018 Farm Bill primarily provides coverage for certain commodities explicitly listed in the farm bill to compensate growers and producers for various losses that are common in the agricultural industry. Title I contains the following three main price loss coverage programs:

1. **Price Loss Coverage (“PLC”)** — PLC payments are triggered when the national average market price of a commodity drops below the “reference price” listed in the farm bill. PLC is only available for commodities specifically listed in this section of the farm bill such as wheat corn, grain sorghum, soybeans, etc.

2. **Agriculture Risk Coverage (“ARC”)** — ARC is an alternative to PLC. ARC provides coverage when the revenue earned from a crop drops below a certain level. This threshold level is calculated based on the multi-year historical revenue average for specific crops.
3. **Marketing Assistance Loans (“MALs”)** — MALs offer farmers and ranchers interim financing for loan commodities if prices fall below the loan rates written in statute. As a condition of obtaining a MAL, producers are required to comply with applicable conservation and wetland protection requirements in the law. Additional funding can be accessed for conservation under the CRP and EQIP programs outlined in Title II.

Title II: Conservation

Title II reauthorizes programs that encourage farmers and ranchers to utilize resource-conserving practices. This is primarily accomplished through the following two government funded programs: (i) the Conservation Reserve Program (“CRP”); and (ii) the Environmental Quality Incentives Program (“EQIP”).

Historically, there has been a large demand in Nebraska and across the Midwest for CRP dollars. In addition to reauthorizing funding, the 2018 Farm Bill increases the total number of acres that can be enrolled in CRP from 24 million to 29 million acres. This expansion gives Nebraska farmers a greater opportunity to access these funds through government contracts. In exchange for payments, CRP takes certain land out of commercial crop production for at least 10 years.

Title II also reauthorizes funding for EQIP. EQIP contracts require farmers and ranchers to implement certain soil and water conservation practices. The 2018 Farm Bill authorizes new stewardship contracts with 5 to 10-year terms. In order to apply for EQIP funds, a farmer must submit a plan that outlines their intended conservation efforts. For FY 2019-2023, a percentage of EQIP funds are dedicated to conservation practices that aim to promote wildlife habitat. Specifically, the 2018 Farm Bill authorizes new contracts for practices that address local resource concerns. Payments for these contracts are capped at \$50,000 per person per fiscal year.

Title III: Trade

Title III reauthorizes programs intended to develop overseas markets and boost U.S. exports. Nebraska’s number one export is processed meat. According to the Census Bureau, Nebraska’s exports had a total value of \$7.2 billion in 2017. Additionally, the International Trade Administration reported that 62,670 Nebraska jobs were supported by exports in 2016.

Title IV: Nutrition

Title IV sets forth The Supplemental Nutrition Assistance Program (“SNAP”), formerly known as “food stamps.” This program provides financial assistance to individuals to purchase food. According to the Center on Budget and Policy Priorities, 176,000 Nebraska residents, or 9% of the state’s population, benefited from SNAP in FY 2017.

Title V: Credit

Title V changes some eligibility requirements for farmers to access credit financing. This title establishes programs to offer government-supported loans through commercial lenders to farmers and ranchers. Specifically, changes to Title V include lowering the threshold for farm ownership loans. Provided the farmer or rancher meets a number of requirements outlined in the title, the number of years a beginning farmer or rancher must have actively operated is lowered from three years to two years. This title also increases the maximum cap for indebtedness for guaranteed loans.

Title VI: Rural Infrastructure and Economic Development

This title reauthorizes and increases several grants available for rural business development. To qualify, these rural businesses must relate to the expansion of rural infrastructure or address rural health emergencies. Examples of such businesses include electrical generation, broadband, water and wastewater, biorefineries, renewable and bio-based product manufacturing, and telemedicine.

Title VII: Research, Extension and Related Matters

Title VII extends several programs that offer grants for research and education relating to food and agricultural sciences.

Title VIII: Forestry

Title VIII authorizes several programs related to forest research and assistance. Specifically, this title reauthorizes programs focused on assessing forest resources.

Title IX: Horticulture

Title IX focuses on specialty crops. This title reauthorizes several programs that provide funding to specialty crop projects. Specialty crops include fruits, vegetables, tree nuts, horticulture and nursery crops, among others. This title also covers organic production and regulations on use of certain pesticides. It also authorizes a funding increase for the Farmers’ Market and Local Food Promotion Program from \$10 million a year to \$30 million per year for FY 2019-2023, which is used to support local farmer’s markets and roadside stands.

Title X: Crop Insurance

Title X reauthorizes and makes several amendments to the federal crop insurance program related to catastrophic risk protection plans for crops and grasses used for grazing. A future article will examine these insurance-related changes in greater detail.

Title XI: Miscellaneous

Title XI reauthorizes and amends several miscellaneous Department of Agriculture programs. Specifically, a number of the programs covered under Title XI work to combat the spread of animal diseases that affect the livestock industry. This title also covers programs related to the textile, wool, and cotton industries and prohibits the slaughtering of cats and dogs for human consumption - a practice not previously prohibited through the farm bill.

Conclusion

This article is the first in a series of articles that will be released by Rembolt Ludtke LLP over the coming months. The purpose of these subsequent articles will be to dive into more detail on the specific provisions and changes found in the 2018 Farm Bill to help our clients better understand how they may be impacted. We invite you to read future articles by visiting RemboltLawFirm.com/practice-areas/agriculture and by following @RemboltLaw on Facebook, Twitter, and LinkedIn.

Anthony Aerts is an associate attorney in the Agriculture Practice Group of the Lincoln-based law firm of Rembolt Ludtke LLP. Any of the attorneys in the Agriculture Practice Group may be reached at (402) 475-5100 or their profiles may be viewed at RemboltLawFirm.com/practice-areas/agriculture. This article is provided for general information purposes only and should not be construed as legal advice. Those requiring legal advice are encouraged to consult with their attorney.

4850-7443-4693, v. 1

3 Landmark Centre
1128 Lincoln Mall, Suite 300
Lincoln, NE 68508

Phone: +1.402.475.5100
Fax: +1.402.575.5087