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REPORT
110–881

TEMPORARY SUSPENSION OF CERTAIN LIMITATIONS ON ELIGIBILITY OF PRODUCERS FOR DIRECT PAYMENTS, COUNTER-CYCLICAL PAYMENTS, OR AVERAGE CROP REVENUE ELECTION PAYMENTS

SEPTEMBER 24, 2008.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PETERSON of Minnesota, from the Committee on Agriculture, submitted the following

R E P O R T

[To accompany H.R. 6849]

[Including cost estimate of the Congressional Budget Office]

The Committee on Agriculture, to whom was referred the bill (H.R. 6849) to amend the commodity provisions of the Food, Conservation, and Energy Act of 2008 to permit producers to aggregate base acres and reconstitute farms to avoid the prohibition on receiving direct payments, counter-cyclical payments, or average crop revenue election payments when the sum of the base acres of a farm is 10 acres or less, and for other purposes, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. TEMPORARY SUSPENSION OF CERTAIN LIMITATIONS ON ELIGIBILITY OF PRODUCERS FOR DIRECT PAYMENTS, COUNTER-CYCLICAL PAYMENTS, OR AVERAGE CROP REVENUE ELECTION PAYMENTS.

(a) SPECIAL RULE FOR 2008 AND 2009 CROP YEARS.—Section 1101(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8711(d)) is amended by adding at the end the following new paragraph:

"(4) SUSPENSION.—Paragraphs (1), (2), and (3) shall not apply during the 2008 and 2009 crop years.".

(b) OFFSETTING REDUCTION.—Section 515(k)(1) of the Federal Crop Insurance Act (7 U.S.C. 1515(k)(1)) is amended by striking "not more than $15,000,000 for each of fiscal years 2008 through 2011" and inserting "not more than $15,000,000 for fiscal year 2008, not more than $9,000,000 for fiscal year 2009, and not more than $8,000,000 for each of fiscal years 2010 and 2011".

BRIEF EXPLANATION

H.R. 6849 suspends, for the 2008 and 2009 crop years, the provisions of the Food, Conservation, and Energy Act of 2008 that prohibit receipt of direct payments, counter-cyclical payments, or aver-

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age crop revenue election payments when the sum of the base acres of a farm is 10 acres or less. Also reduces by $20 million the funds available under section 515(k)(1) of the Federal Crop Insurance Act for Federal Crop Insurance Corporation information management systems upgrades.

PURPOSE AND NEED

The Department of Agriculture published a notice stating their intent to "not approve requests for farm combination reconstitutions of farms having base acres of 10 acres or less if the request was received after the date of enactment of the 2008 Farm Bill".

The Department's notice is a substantial change from what was in place prior to the most recent Farm Bill and runs contrary to what Congress intended when it drafted section 1101(d) of the farm bill.

SECTION-BY-SECTION ANALYSIS

Section 1(a) suspends, for the 2008 and 2009 crop years, the farm bill provisions that prohibit receipt of direct payments, counter-cyclical payments, or average crop revenue election payments when the sum of the base acres of a farm is 10 acres or less.

Section 1(b) provides an offset of $20 million by reducing funds available under section 515(k)(1) of the Federal Crop Insurance Act for Federal Crop Insurance Corporation information management systems upgrades.

COMMITTEE CONSIDERATION

The Committee on Agriculture met, pursuant to notice, with a quorum present, on September 18, 2008, to consider H.R. 6849.

Members were recognized and each made a statement in support of the legislation and Counsel was also recognized for a brief explanation of the bill.

Chairman Peterson offered an amendment in the nature of a substitute to the bill. Discussion occurred and without objection, the amendment was adopted by a voice vote.

There being no more amendments, Mr. Goodlatte moved that H.R. 6849 be reported favorably to the House with the recommendation that it do pass.

By a voice vote, and in the presence of a quorum, H.R. 6849 was ordered favorably reported to the House.

Chairman Peterson then advised Members that pursuant to the rules of the House of Representatives that Members have 2 calendar days to file such views with the Committee. No Members came forth with intent to file additional views.

Without objection, staff was given permission to make any necessary clerical, technical or conforming changes to reflect the intent of the Committee.

Chairman Peterson thanked all the Members and adjourned the meeting subject to the call of the chair.

REPORTING THE BILL—ROLLCALL VOTES

In compliance with clause 3(b) of rule XIII of the House of Representatives, H.R. 6849 was reported by voice vote with a majority quorum present. There was no request for a recorded vote.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Agriculture's oversight findings and recommendations are reflected in the body of this report.

BUDGET ACT COMPLIANCE (SECTIONS 308, 402, AND 423)

The provisions of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a)(1) of the Congressional Budget Act of 1974 (relating to estimates of new budget authority, new spending authority, new credit authority, or increased or decreased revenues or tax expenditures) are not considered applicable. The estimate and comparison required to be prepared by the Director of the Congressional Budget Office under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and sections 402 and 423 of the Congressional Budget Act of 1974 submitted to the Committee prior to the filing of this report are as follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 22, 2008.

Hon. COLLIN C. PETERSON,
Chairman, Committee on Agriculture,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 6849, a bill to amend the commodity provisions of the Food, Conservation, and Energy Act of 2008 to permit producers to aggregate base acres and reconstitute farms to avoid the prohibition on receiving direct payments, counter-cyclical payments, or average crop revenue election payments when the sum of the base acres of a farm is 10 acres or less, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Jim Langley.

Sincerely,

ROBERT A. SUNSHINE
(For Peter R. Orszag, Director).

Enclosure.

H.R. 6849—A bill to amend the commodity provisions of the Food, Conservation, and Energy Act of 2008 to permit producers to aggregate base acres and reconstitute farms to avoid the prohibition on receiving direct payments, counter-cyclical payments, or average crop revenue election payments when the sum of the base acres of a farm is 10 acres or less, and for other purposes

Summary: H.R. 6849 would suspend a prohibition on the U.S. Department of Agriculture's (USDA's) authority to make payments to certain farmers and ranchers for 2008 and 2009 crops. It also would reduce funds appropriated to USDA, under the Food, En-

ergy, and Conservation Act of 2008 (the 2008 Farm Act), for information technology equipment for the federal crop insurance program.

CBO estimates that suspending the prohibition on payments would increase direct spending for agricultural income protection programs by $20 million over the 2009–2018 period. We also estimate that reducing funds for information technology would reduce spending by $20 million over the same period. Thus, CBO estimates that enacting H.R. 6849 would have no significant impact on direct spending over the 2009–2018 period. Enacting the bill would not affect revenues or discretionary spending.

H.R. 6849 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would impose no costs on state, local, or tribal governments.

Estimated Cost to the Federal Government: For this estimate, CBO assumes that H.R. 6849 will be enacted near the start of 2009. The bill's estimated budgetary impact is shown in the following table. The costs of this legislation fall within budget function 350 (agriculture).

	By fiscal year, in millions of dollars—											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2009–2013	2009–2018
CHANGES IN DIRECT SPENDING												
Suspend Prohibition on Payments to Farms of 10 Acres or Less:												
Estimated Budget Authority	11	9	0	0	0	0	0	0	0	0	20	20
Estimated Outlays	11	9	0	0	0	0	0	0	0	0	20	20
Reduce Information Technology Funding:												
Estimated Budget Authority	−6	−7	−7	0	0	0	0	0	0	0	−20	−20
Estimated Outlays	−2	−6	−7	−5	0	0	0	0	0	0	−20	−20
Total:												
Estimated Budget Authority	5	2	−7	0	0	0	0	0	0	0	0	0
Estimated Outlays	9	3	−7	−5	0	0	0	0	0	0	0	0

Basis of estimate: CBO estimates that suspending a prohibition on certain agricultural income support payments would increase direct spending. We also estimate that reducing funds available to USDA for information technology would reduce direct spending. Taken as a whole, CBO estimates that those effects would fully offset each other, resulting in no significant net change in direct spending over the next 10 years.

Increased payments to certain farmers and ranchers

The Food, Energy, and Conservation Act of 2008 prohibits direct, counter-cyclical, or average crop revenue election payments to producers of 20082012 crops if the sum of base acres on the farm is 10 acres or less, unless the farm is owned by a socially disadvantaged or limited resource farmer or rancher, as determined by the Secretary of Agriculture. (The Farm Act defines "socially disadvantaged or limited resource" farmers or ranchers as those who have suffered certain kinds of discrimination.) Each farm's base acres

are an average of the number of acres planted in each crop (feed grains, oilseeds, wheat, rice, cotton, and pulse crops) over a specified historical period. A farm's base acres do not increase or decrease over time.

According to USDA, about 255,000 farms in 2006 with total crop base of 10 acres or less received about $23 million in payments. Information from USDA also indicates that about one-third of those payments were made to farms owned by socially disadvantaged or limited resource farmers or ranchers. CBO estimates that suspending the prohibition on payments to such producers would increase direct spending by a total of $11 million for the 2008 crops and $9 million for the 2009 crops, for a total of $20 million over the 2009–2018 period.

Reduced funding for information technology

Section 12021 of the 2008 Farm Act provided $15 million for each of fiscal years 2008 through 2011 to purchase information technology equipment for the federal crop insurance program. H.R. 6849 would reduce the amount available to $9 million for 2009 and $8 million for each of fiscal years 2010 and 2011. Based on historical spending patterns for such activities, CBO estimates enacting this provision would reduce direct spending by $20 million over the 2009–2018 period.

Intergovernmental and private-sector impact: H.R. 6849 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate prepared by: Federal Costs: Jim Langley. Impact on State, Local, and Tribal Governments: Burke Doherty. Impact on the Private Sector: Amy Petz.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goals and objections of this legislation are to amend the commodity provisions of the Food, Conservation, and Energy Act of 2008 to permit producers to aggregate base acres and reconstitute farms to avoid the prohibition on receiving direct payments, counter-cyclical payments, or average crop revenue election payments when the sum of the base acres of a farm is 10 acres or less, and for other purposes.

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee finds the Constitutional authority for this legislation in article I, clause 8, section 18, that grants Congress the power to make all laws necessary and proper for carrying out the powers vested by Congress in the Constitution of the United States or in any department or officer thereof.

COMMITTEE COST ESTIMATE

Pursuant to clause 3(d)(2) of rule XIII of the Rules of the House of Representatives, the Committee report incorporates the cost estimate prepared by the Director of the Congressional Budget Office pursuant to sections 402 and 423 of the Congressional Budget Act of 1974.

ADVISORY COMMITTEE STATEMENT

No advisory committee within the meaning of section 5(b) of the Federal Advisory Committee Act was created by this legislation.

APPLICABILITY TO THE LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act (Public Law 104–1).

FEDERAL MANDATES STATEMENT

The Committee adopted as its own the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act (Public Law 104–4).

EARMARK STATEMENT REQUIRED BY CLAUSE 9 OF RULE XXI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

H.R. 6849 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(f) of rule XXI of the rules of the House Representatives.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 1101 OF THE FOOD, CONSERVATION, AND ENERGY ACT OF 2008

SEC. 1101. BASE ACRES.

(a) * * *

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(d) TREATMENT OF FARMS WITH LIMITED BASE ACRES.—

(1) * * *

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(4) SUSPENSION.—Paragraphs (1), (2), and (3) shall not apply during the 2008 and 2009 crop years.

SECTION 515 OF THE FEDERAL CROP INSURANCE ACT

SEC. 515. PROGRAM COMPLIANCE AND INTEGRITY.

(a) * * *

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(k) FUNDING.—

(1) INFORMATION TECHNOLOGY.—To carry out subsection (j)(1), the Corporation may use, from amounts made available from the insurance fund established under section 516(c), **[**not more than $15,000,000 for each of fiscal years 2008 through 2011**]** *not more than $15,000,000 for fiscal year 2008, not more than $9,000,000 for fiscal year 2009, and not more than $8,000,000 for each of fiscal years 2010 and 2011*.

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