Agriculture Act of 2014

The following summary outlines key provisions of the new farm bill.

COMMODITY TITLE

The bill significantly reforms the farm safety net by eliminating direct payments, counter-cyclical payments (CCP), the Average Crop Revenue Election (ACRE) program and Supplemental Revenue Coverage (SURE) for crops. Producers will have the option to enroll in one of two programs on a crop-by-crop and farm-by-farm basis, 1) a revenue guarantee program known as Agriculture Risk Coverage (ARC) or 2) a counter-cyclical price program known as Price Loss Coverage (PLC).

ARC
Producers who enroll in ARC will have a one-time opportunity to select 'Individual ARC,' an individual whole-farm revenue guarantee program which calculates revenue on a multi-crop basis or 'County ARC' which calculates county revenue on a commodity-by-commodity basis. Both guarantee a producer's revenue between 76-86% of the average five-year revenue benchmark. Payments will be made on 85% of base acres for county ARC and 65% of base acres for individual ARC. Participants have a one-time opportunity to retain current base or reallocate existing base in proportion to the average planted (and prevented plant) acres in 2009-2012 not to exceed current total base.

PLC
Producers who choose to participate in PLC will receive payments when market prices fall below a fixed reference price. The payment rate is the difference between the reference price and the higher of the national average 12-month market price or loan rate. PLC reference prices are set at levels higher than the old target prices: wheat=$5.50; barley=$4.95; peas=$11.00/cwt. Payments will be made on 85% of base acres at fixed program yields. Participants have a one-time opportunity to retain current base or reallocate existing base in proportion to the average planted (and prevented plant) acres in 2009-2012 not to exceed current total base, and also a one-time opportunity to update program yields on a commodity-by-commodity basis to 90% of their average 2008-2012 yields.

Loan Program
The Marketing Assistance Loan program is extended at the same rates as current law.

Payment limits
The total amount of payments received, directly or indirectly, by a person or legal entity for PLC, ARC and a marketing loan gain or loan deficiency payment may not exceed $125,000 each for a producer and a spouse ($250,000 total).

Payments Limited to Active Farmers
Within 180 days of date of enactment, the Secretary must promulgate regulations to define 'significant contribution of active personal management'. If changes are warranted, they must be made by 2015.

Adjusted Gross Income
The AGI cap for payment eligibility is $900,000.

CROP INSURANCE TITLE

Supplemental Coverage Option (SCO)
Allows for the combination of individual coverage with area coverage and is available to crops enrolled in PLC (farms in ARC are ineligible) beginning in 2015. A 65% premium subsidy is provided, and coverage is available between a producer's bought-up individual coverage and 86%.

Beginning farmer provisions
Beginning farmers will receive crop insurance premium assistance 10 percentage points greater than premium assistance that would be otherwise is available; a beginning farmer previously involved in a farming operation can use the previous producer's production history or assigned yield in determining yield coverage; and beginning farmers or ranchers can replace each excluded yield with a yield equal to 80% of the applicable transitional yield.

Other Crop Insurance Changes

- Adjustment in APH to exclude disaster years
    - Producer may choose to exclude any year from a crop's APH if the county yield in that year is less than 50% of county or a contiguous county's ten-year average yield.
- Conservation compliance is attached to crop insurance eligibility
    - Forward looking from date of enactment for wetlands conversion
- The option to purchase Enterprise Units is made permanent and can be split by irrigated and non-irrigated acres.
- Sod-saver language for the Prairie Pothole Region plus Nebraska
    - If a producer breaks native sod and purchases crop insurance on that land, the yield used to calculate the yield guarantee can only by 65% of the county average yield, and the premium subsidy will be reduced by 50 percentage points.

CONSERVATION TITLE

Title II consolidates 23 current conservation programs into 13. The acreage cap on the Conservation Reserve Program will be phased down to 24 million nationwide from the current 32 million. Enrolment in the Conservation Stewardship Program (CSP) is authorized at an additional 10 million acres/year for 2014-2022. The CRP Transition Incentive Program (TIP) is authorized up to $33 million/year; and veterans are made eligible.

TRADE

Both the Market Access Program (MAP) and the Foreign Market Development Program (FMD) are fully funded through 2018 at $200 and $34.5 million respectively.