2018 Farm Bill Comparison – Cotton and Other Selected Provisions*

Prepared by the National Cotton Council

Current Policy	**House Farm Bill**	**Senate Farm Bill**
	Title I – Commodity Programs	
ARC/PLC		
Seed Cotton established as a covered commodity with $0.367/lb reference price	Continues current policy	Continues current policy
Reference prices set by statute	Reference price escalator allows for upward adjustment based on 85% of 5-year Olympic average of MYA prices – not to exceed 115% of reference price	Continues current policy
Announcement and timing of ARC-CO and PLC payments	Continues current policy	Requires USDA to announce the ARC-CO and PLC payment rates within 30 days of the end of respective crop's marketing year; Payments distributed according to schedule established under current law.
Choice between ARC and PLC -- One time, crop by crop and farm by farm choice between ARC-county (ARC-CO) and PLC or ARC-Individual for all crops on farm	Continues current choice between ARC-CO and PLC, but eliminates ARC-individual option	Continue current choices, and allows for a second election choice between ARC-CO and PLC starting with 2021 crop year
Structure of ARC- CO	ARC-CO payments based on physical location of farm; use of RMA yield data; and calculating dryland and irrigated revenues separately.	ARC- CO payments based on physical location of farm; increases T-yield for yield substitution from 70% to 75%; requires use of trend-adjusted yields; provisions to mitigate disparities in ARC payments between counties; and calculating dryland and irrigated revenues separately.
Payment acres set at 85% of enrolled base acres	Continues current policy	Continues current policy

** Summary based on staff review of legislative language – July 19, 2018, Internal Working Document*

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Establishment of eligible base acres – Seed cotton base established through conversion of generic base; generic base converted to unassigned base if no covered commodity planted on farm from 2009 through 2016.	Continues provisions for seed cotton base, but expands unassigned base provisions to include all decoupled base on farm with no covered commodity planted any year between 2009 and 2017.	Maintains base acres established under current policy; requires USDA to review the establishment, calculation, reallocation, adjustment and reduction of base acres under the 2014 Farm Bill and provide a report.
Payment yields established with opportunity to update based on 90% of the 2008-12 average	Continues current payment yields with opportunity to update payment yields in counties with at least 20 consecutive weeks of D4 drought conditions during 2008 – 2012 – use 90% of 2013 – 2017 5-year average for yield update. Allows yield plug based on 75% of county average yield for 2013 – 2017.	Maintains current payment yields
Marketing Loan Program and Related Cotton Provisions		
Upland cotton loan rate based on 2-year moving average of AWP, not to exceed $0.52/lb or less than $0.45/lb	Continues current formula, but adds a 2% limitation on any annual decline	Continues current policy
Marketing loan repayment and LDP provisions for upland cotton	Continues current policy	Continues current policy
Recourse loans for seed (unginned) cotton	Continues current policy	Continues current policy
Upland cotton storage credits authorized	Continues current policy	Continues current policy
ELS loan rate set at $0.7977/lb	Increased to $0.95/lb	Continues current policy
Marketing loan and repayment provisions for ELS cotton	Continues current policy	Continues current policy
ELS Cotton Competitiveness Program	Continues current policy, with modified trigger to reflect higher loan rate – lowered 134% trigger to 113% of loan rate	Continues current policy

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Current Policy	House Farm Bill	Senate Farm Bill
Economic Adjustment Assistance Program - \$0.03/lb payment rate	Payment rate increased to \$0.0315/lb	Continued with mandatory funding at \$0.03/lb through July 31, 2021. Authorized subject to appropriations after this date.
Payment Limits and Eligibility		
Adjusted Gross Income Means Test – \$900,000 for person or entities	Continued at \$900,000 but applies to persons within an entity, not the entity, regardless of entity type (i.e. treats S corps and partnerships same and general partnership and joint ventures).	Lowered to \$700,000 and applies to persons and entities
Payment limit – \$125,000 for ARC/PLC and marketing loan benefits for covered commodities (including Seed Cotton), with separate limit for peanuts.	Continued at \$125,000, but all marketing loan benefits are removed from the limit, i.e. only applies to ARC/PLC. Limit applies to persons instead of entity regardless of entity type (same as AGI above).	Continues current policy
Payment limit for peanuts - \$125,000 for ARC/PLC and marketing loan benefits	Continued at \$125,000, but limit only applies to ARC/PLC for peanuts and applies to person instead of entity regardless of entity type (same as above).	Continues current policy
Commodity marketing certificates authorized	Continues current policy	Continues current policy
Actively engaged – management and/or labor contributions meet the requirements for farms consisting solely of family members. Other farms can have one manager qualify, unless large or complex farm which can have either two or three managers	Continued, but expands definition to family members to include nieces, nephews, and first cousins.	Tightens management requirements to only allow one person to qualify by providing management – must be 500 hours annually or 25% of hours required annually for that size farm. Eliminates the family farm exemption and limits farm with a qualifying manager to only one combined payment limit for the entity.

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<u>Current Policy</u>	<u>House Farm Bill</u>	<u>Senate Farm Bill</u>
	<u>Title II – Conservation Programs</u>	
Conservation Reserve Program (CRP)		
Enrollment capped at 24 million acres	Enrollment capped at 29 million acres	Enrollment capped at 25 million acres
Rental rates	Payments capped at 80% of estimated rental rates.	Payments capped at 88.5% of estimated rental rates. Mandates a study to determine if current rental rates are proper.
Conservation Stewardship Program (CSP)		
Capped at 10 million acres and allows for one contract renewal	Eliminates CSP and creates enhancements within EQIP.	Capped at 8.797 million acres and allows for one contract renewal.
$200,000 payment limit per person or legal entity (implemented by USDA as $200,000 per contract with joint ventures at $400,000)	New enhancements would be covered under EQIP payment limit.	Continues current policy
Environmental Quality Incentives Program (EQIP)		
Funded at $1.75 billion in FY'18	Increases funding to $3 billion by FY' 23 while incorporating the enhancement provisions of CSP. Expands eligibility to include irrigation districts and associations.	Reduces funding incrementally over the life of the bill starting with a $61 million reduction in FY' 19 and increasing to $158 million in FY' 23.
60% of funds targeted to livestock operations	Eliminates provision of targeting funds to livestock operations	50% of funds targeted to livestock operations
$450,000 payment limit over life of the bill	Continues current policy	Continues current policy
Agricultural Conservation Easement Program (ACEP)		
Funding at $250 million in FY'18	Increases funding to $500 million per year	Increases funding to $450 million per year
Regional Conservation Partnership Program (RCPP)		
Funded at $100 million, plus 7% of obligated funds for EQIP, CSP, ACEP, and the Healthy Forest Initiative.	Funded at $250 million, 7% provision is eliminated.	Funded at $200 million, 7% provision is continued.

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Current Policy	**House Farm Bill**	**Senate Farm Bill**
	Title III – Trade Programs	
Market Access Program (MAP) and Foreign Market Development Program (FMD)		
MAP funded at $200 million per year. FMD funded at $34.5 million for FY ’18 but no baseline going forward	Combines multiple trade programs including MAP and FMD into the International Market Development Program. Program funded at $255 million annually with no less than $200 million for MAP and no less than $34.5 million for FMD.	Combines multiple trade programs including MAP and FMD into the Priority Trade Promotion, Development and Assistance Program. Program funded at $259.5 million annually with no less than $200 million for MAP and no less than $34.5 million for FMD. Includes $6 million annually for Priority Trust Fund to be distributed to the programs at the Secretary’s discretion.
	Title XI – Crop Insurance	
Stacked Income Protection Plan (STAX)		
For 2018, producers eligible to purchase STAX regardless of decision to enroll in Seed Cotton ARC/PLC	Available on farms not enrolled in Seed Cotton ARC/PLC	Available on farms not enrolled in Seed Cotton ARC/PLC
Enterprise Units		
Enterprise Units are limited to a single county	Continues current policy	Allows producers to combine enterprise units in separate counties into a single enterprise unit
Other Crop Insurance Provisions		
	Prioritizes research into new plans of insurance for tropical storms/hurricanes, subsurface irrigation and quality loss adjustments.	Prioritizes research into new plans of insurance for limited irrigation practices and quality loss adjustments.

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		Allows for a performance based discount beginning with the 2020 reinsurance year for producers utilizing practices shown to reduce risk.
Title XII - Miscellaneous		
Pima Trust Fund – $16 M per year with distribution to textile manufacturers, yarn spinners and trade associations involved in promotion of Pima	Funding of $8 M per year. Updates eligibility criteria to allow yarn spinners to qualify if Pima yarn is spun in previous and current calendar years.	Funding of $16 M per year. Updates eligibility criteria to allow yarn spinners to qualify if Pima yarn is spun in previous and current calendar years.
Agricultural Marketing Service – Cotton Classification Services	Provision to add flexibility for hiring/re-hiring of part time staff.	

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