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Senate 1996 Farm Bill Highlights
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The Agricultural Reform and Improvement Act of 1996 (ARIA-96), passed by the Senate on February 7, contained changes in provisions from ARA-95 (see from page article on ARA-95), plus numerous additions. Even though the Senate bill is not yet law, its provisions illustrate new paths that the Congressional leadership are taking for U.S. agricultural policy. Important modifications in programs or provisions are highlighted below. Note that the new term for transition payments is “flexibility contract payments.”

Differences Between ARA-95 and ARIA-96

- Price Support Authority from the 1938 and 1949 bills was not eliminated, only suspended—ARA-95 had specified elimination. Since “permanent law” provisions would be left in place, Congress would be forced to reevaluate farm programs at the bill’s expiration.

- The authorization for the Farmer-Owned Reserve (FOR) program was suspended rather than eliminated as in ARA-95. Thus, the FOR would be restored after 2002, unless other action is taken.

- The soybean loan rate would be variable and could be set at higher rates. ARA-95 pegged the rate at $4.92 per bushel. Under ARIA-96 the rate would range from $4.92 to $5.26 per bushel, using 85 percent of the five-year “Olympic” average. For the current year, the calculated rate would be close to $4.96. (The rate would likely rise to the $5.26 cap by 1997 based on strong futures market prices and projections).

- Rice flexibility contract payment allocations would rise 17 million dollars per year above the level in ARA-95. This would mean a 3.6 percent increase in 1996, and an additional 5.0 percent raise in 2002. The contract payment rate structure remained unchanged for wheat, corn, sorghum, barley, oats, and cotton.

- CRP would be reauthorized under both programs, although ARIA-96 explicitly authorized new enrollments. The cap for the Conservation Reserve Program would be set at 36.5 million acres. The Secretary of Agriculture would be able to enroll new acreage equal to the quantity of land under any CRP contract that terminates.

New Provisions Under ARIA-96

ARIA-96 contains many additional provisions, not only from ARA-95 but also from the Food, Agriculture, Conservation, and Trade Act of 1990 (FACTA-90). Some highlights include:

- New commodity program provisions are the ones getting the most press attention and are spelled out in the cover story.

- Expands the Environmental Conservation Acreage Reserve Program (ECARP); combines programs and specifies the purchase of easements on 170,000 to 340,000 acres, and allocates $35 million a year for that purpose.

- Environmental Quality Incentives Program—a new cost-share program to help livestock and crop producers improve the environment. $200 million per year is authorized.

- Includes two optional conservation programs that essentially combine payments across programs to achieve conservation and environmental goals:

  Conservation Farm Option combines the flexibility contract and CRP payments. The producer would receive both the payments in return for pursuing conservation practices that protect soil, water, and wildlife in environmentally sensitive areas.

  Flood Risk Reduction contracts—producers on frequently flooded farms could combine flexibility payments and crop insurance subsidies. Producers agree to forgo other commodity programs and comply with conservation requirements.

- The “Fund for Rural America” is established to provide additional funding to rural development and research. Funding was authorized to total $300 million over the first three years.

The Senate farm bill, ARIA-96, includes the Freedom-to-Farm concept of decoupled payments and planting flexibility. It is especially noteworthy that 1938-1949 price support authority was not eliminated and also, that the bill cites production flexibility contracts rather than market transition contracts. This could be interpreted as Congressional intent not to eliminate commodity programs, but simply to reform and improve as the bill’s title and changes in provisions would suggest.