

**Fiscal Year 2001 Agriculture Appropriations Conference Report
Analysis & Review**

By the Numbers:

Fiscal Year 2000: \$13,945,000

Request: \$15,517,000

House: \$14,376,000 (excludes \$115 million in emergency spending)

Senate Allocation: \$14,850,000

Conference Report: \$15,000,000 (excludes \$3.5 billion in emergency spending)

The Conference Report is \$1.1 billion or 7.6% above last year, \$517 million or 3.3% below the request and \$624 million or 4.3% above the House passed level.

NOTE: The above figures do not include emergency spending. The Conference Report includes \$3.5 billion in emergency payments for a variety of programs detailed below. Many of these programs are arguably not emergencies. Last year's regular agriculture appropriations bill included \$8.7 billion in emergency spending.

The bill also includes \$5 billion for public debt reduction which is not reflected in any of the figures above.

Emergency Funding: The bill includes \$3.5 billion in emergency spending for the activities described below: (highlighted activities are arguably not emergencies)

\$19.5 million	Common Computing Environment
\$200,000	Small Business Administration
\$50 million	FSA Salaries and Expenses
\$80 million	Emergency Conservation Program
\$13 million	Crop insurance Premium Discounts
\$110 million	Watershed and Flood Prevention Operations
\$200 million	Rural Community Advancement Program (Including \$50 million for grants to communities with extreme unemployment, \$30 million to communities with high energy costs, and \$25 million for North Carolina.)

\$35 million	Conservation and Wetland Reserve Program
\$490 million	Livestock Assistance Program
\$2.4 million	Compensate owners of sheep destroyed under the order of the Secretary of Agriculture
\$58 million	Pay Florida citrus and lime growers \$26 for each tree removed to control citrus canker and to compensate growers for lost production
\$138 million	Payments to apple and potato farmers
\$10 million	Livestock indemnity payments
\$20 million	Payments to producers of wool and mohair
\$2.5 million	Capitalize the South Carolina Grain Dealers Guaranty Fund
\$7.2 million	Agriculture transportation cooperative in Hawaii
\$10 million	Agriculture Product Market Development Grants
\$20 million	Payments to producers of tomatoes, pears, apricots, and peaches who were unable to market their crop because of the insolvency of a cooperative in California
\$66 million	Welfare Reform Reversals (described below)

The bill provides additional unspecified amounts of emergency spending to cover the following:

- C Extend payments for livestock
- C Extend payments for dairy producers
- C Extend payments certain crop producers including nurseries
- C Provide for the enrollment of an additional 1,075,000 acres in the Wetland Reserve Program
- C Make nonrecourse marketing assistance loans or loan deficiency payments to honey producers
- C Extend crop loss assistance
- C Provide funds for the purchase of \$30 million worth of cranberry juice concentrate and frozen cranberry fruit
- C Authorizes the Secretary of Agriculture to amortize recapture payments for loans of delinquent farmers
- C Allow cooperatives to settle loans for the 1999 crop of Burley tobacco by simply forfeiting the tobacco covered by the loan
- C Modify current law to allow individuals who are in debt to the United States to receive marketing assistance loans and loan deficiency payments (if, but only if the debt is owed to the Farm Service Agency, any payments would be credited toward the delinquent debt)

LEGISLATIVE CHANGES:

DRUG REIMPORTATION — The bill permits the reimportation of prescription drugs provided certain safety and certification requirements are met. The bill prohibits any manufacture from entering

into a licensing agreement that includes provisions to prevent the sale or distribution of reimported products. Some individuals believe this restriction is a violation of the right of corporations to enter into licensing agreements, a common business practice. The reimportation provisions sunset in five years.

REVERSAL OF WELFARE REFORM — The bill expands Food Stamp eligibility by increasing the housing deduction from \$280 per month to \$340 and by increasing the vehicle allowance. These provisions are estimated to cost \$1.6 billion over five years and are declared emergency spending.

TRADE SANCTIONS -- The bill excludes agriculture and medical supplies and devices from current trade sanctions imposed by the U.S. on foreign countries. In the future, the President could only impose a sanction that covers agriculture and medical supplies and devices with Congressional consent. The bill prohibits any U.S. person from financing the sales of agriculture products to Cuba. The bill does not permit tourist related travel to Cuba.

TRADE DUMPING & SUBSIDY OFFSET — The bill includes a provision providing that duties assessed in response to a foreign country dumping products on the United States shall be distributed to the affected domestic producers of that product. Domestic producers may use the funds to cover most normal business expenditures. Under current law, duties collected in response to an anti-dumping order are deposited in the General Fund. There is no estimate as to how much this provision will cost the taxpayer. This provision dramatically alters U.S. trade policy without any review from the Ways and Means Committee. It will likely lead to more anti-dumping claims and may be a violation of the WTO.

SUGAR PROGRAM — The bill alters the current sugar program converting the recourse loan program into a nonrecourse program. Some, costing the taxpayer even more money.

EXPANSION OF RURAL HOME LOAN ELIGIBILITY— The bill expands eligibility for guaranteed rural home loans to borrowers whose income does not exceed 115% of the median family income of the United States. Current law limits eligibility to 115% of the median family income of the area.

WETLAND DEMONSTRATION PROJECT — The bill creates a two-year pilot program in six states (Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota) to enroll up to 500,000 acres of wetland that was cropped in at least 3 of the preceding 10 years and buffer acreage around the wetland.

HASS AVOCADO MARKETING ORDERS — The bill authorizes the creation of an avocado marketing order similar to the marketing order in place for milk and certain meat products. Upon the election of simple majority of avocado producers and importers, there shall be created an Hass Avocado Board which shall impose an assessment of 2.5 cents (potentially increasing in the future to 5 cents) for each pound of fresh or processed avocados produced or imported into the United States. The funds generated by the tax would be used to fund research and marketing campaigns in favor of avocado consumption. The bill requires the Avocado Board to enter into a contract with a California State Avocado Association to promote avocados and requires that 85% of revenues resulting from production in a single state be returned to that state's avocado association. Importers may form their own association and be treated as a state for purpose of receiving 85% of the revenues generated from imported avocados. Currently, avocado promotion is handled by a voluntary association among California's 6,000 avocado producers. This provision is an attempt to require all producers and

importers to provide funding for the California association.

OSTRICH & EMU PROCESSING — The bill subjects the slaughter and processing of ostriches, emus, rheas, and squab to the requirements of the Poultry Products Inspection Act rather than the current voluntary poultry inspection program. This will result in a significant cost for some producers.

LOANS FOR LAND IN THE FLOOD PLAIN IN ARKANSAS — The bill prohibits the Secretary of Agriculture from denying a loan application on the sole basis that the loan is secured by land that is in a flood plain or that proceeds of the loan will be used to conduct activities in a flood plain. These provisions only apply in Arkansas.

HOUSING FOR CERTAIN WORKERS— The bill provides \$5 million for a demonstration project to provide housing for agriculture, aquaculture, and seafood processor workers.

AMERICAN HERITAGE RIVERS — The bill limits funding for the American Heritage River program to \$340,000.

SELECTED INCREASES:

Dollars in Thousands

	FY '00	Request	House FY '01	Conference
Economic Research Service	\$65,363	\$55,424	\$66,419	\$67,038
Cooperative State Research & Education	\$481,881	\$460,865	\$477,551	\$506,193

The Conference provides \$85.7 million for “Special Research Grants” (earmarks). The House only provided \$74.4 million and the President only requested \$6.4 million. Included under “Special Research Grants” is the following:

- \$5.8 million for “Wood utilization(OR, MS, NC, MN, ME, MI, ID, TN, AK)”, an increase of \$650,000 over last year;
- \$76,000 for “Produce pricing (AZ)”, a new program;
- \$225,000 for “International asparagus competitiveness (WA)”, a new program;
- \$95,000 for “Value-added products (IL)”, a new program;
- \$250,000 for “Vidalia onions (GA)”, a 150% increase over last year.

Extension Activities	\$424,174	\$428,236	\$428,740	\$433,429
Resource Conservation & Development	\$35,265	\$36,265	\$41,015	\$42,015
Common Computing Environment	\$12,600	\$75,000	\$25,000	\$40,000
Animal & Plant Health Inspection Service	\$437,768	\$512,444	\$470,000	\$530,564

Agriculture Marketing Service	\$51,497	\$66,572	\$56,326	\$65,335
Food Safety & Inspection Service	\$649,119	\$688,204	\$673,790	\$696,704
Farm Service Agency	\$794,394	\$828,385	\$828,385	\$828,385
Rural Community Advancement Program	\$693,637	\$762,542	\$775,837	\$762,542
FDA	\$1,183,095	\$1,306,178	\$1,240,178	\$1,217,797

The views expressed in this Policy Brief do not necessarily reflect the views of all Members of the Conservative Action Team.

The Conservative Action Team is a Congressional Member Organization of over 50 Republican House Members and is chaired by Representative John Shadegg (R-AZ).