

Approved

Date 2-19-85

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND SMALL BUSINESS

The meeting was called to order by Lloyd D. Polson at
Chairperson

10:00 a.m./~~p.m.~~ on February 7, 1985 in room 313-S of the Capitol.

All members were present except: Representative Solbach

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Jane Holt, Committee Secretary

Conferees appearing before the committee:

Frank Moser, State Director Agricultural Stabilization and Conservation Service.

This was a Joint Meeting of the House Agriculture and Small Business Committee and the Senate Agriculture Committee.

Frank Moser presented a slide presentation prepared by the U. S. Department of Agriculture which raised the question, "Will the farm programs of the 30's work in the 80's?" He stated the presentation raised questions that will be debated when Congress starts talking about the direction of the 1985 farm act. He distributed a 1985 Wheat, Feed Grain, Upland Cotton, ELS Cotton, and Rice Programs Notice to Farmers, which is a current program, (Attachment A). Under this current program, which is the final year of the 1981 farm act, there are three basic benefits which are target price, land diversion payments and commodity loans. The sign-up for this program ends March 1, 1985.

He answered questions from the joint committee about what is being considered for the new farm act. He informed them the Secretary of Agriculture has listed as goals for the 1985 Agriculture Act a long-range agriculture policy instead of adopting a new bill every four years; a more market oriented bill; and more consistency between commodity programs and international trade policies.

The meeting adjourned at 9:45.

GUEST LIST

JOINT HOUSE AGRICULTURE AND SMALL BUSINESS AND

COMMITTEE: SENATE AGRICULTURE COMMITTEE

DATE: February 7, 1985

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
BOB MARTIN	205 CENTER ST. MANHATTAN, KS.	
MIKE BEAM	TOPEKA	KS LUSTK ASSN.
Bill R. Fuller	Manhattan	Kansas Farm Bureau
John K. Rlythe	"	" " "
Tom R. TUNNELL	HUTCHINSON	KGFDA
Bob Redling	Topeka	UPI
Melanie Schneeweis	Topeka	Intern
Henry Besseau	St. Mary	City of St. Mary
Sam Reder	Topeka	ICSGID
Clyde Longan	ALTAMONT	Self
Doris E. NAREL	Topeka	Div. of Budget
Malcolm Moore	Auburn	Sierra Club
Sue Ellen Doyle	Wichita	KS Credit Union League
Juel Wright	Topeka	KS Credit Union League

NOTICE TO FARMERS
1985 WHEAT, FEED GRAIN, UPLAND COTTON, ELS COTTON, AND RICE PROGRAMS

Producers who plant one or more program crops (wheat, corn, grain sorghum, barley, oats, upland cotton, ELS cotton, and rice) and participate in and comply with the acreage reduction and land diversion program for such crop will be eligible for applicable program benefits (land diversion payments, commodity loans, target price protection) for the crop. Target prices, national average loan rates, projected deficiency rates, and diversion rates are as follows:

	Wheat (bu.)	Corn (bu.)	Grain Sorghum (bu.)	Barley (bu.)	Oats (bu.)	Rice (lb.)	Upland Cotton (lb.)	ELS Cotton (lb.)
Target price	\$4.38	3.03	2.88	2.60	1.60	.1190	.8100	1.0314
Weighted National Loan Rate (Reg)	3.30	2.55	2.42	2.08	1.31	.0800	.5730	.8595
Diversion Payment Rate	2.70	- -	- -	- -	- -	.0350	.3000	- -
Advance Diversion Payment Rate	1.35	- -	- -	- -	- -	.0175	.1500	- -
Estimated Deficiency Rate	1.08	.47	.46	.44	.00	.0380	.1980	.0714
Advance Deficiency Rate	.54	.235	.23	.22	.00	.0190	.0990	- -
Maximum Permitted Acreage (Percent of Base)	70	90		90		65	70	90
Acreage Reduction (Percent of Planted that must be devoted to Acreage Conservation Reserve)	28.57	11.11		11.11		30.77	28.57	11.11
Cash Diversion (Percent of Base that must be devoted to Acreage Conservation Reserve)	10	- -	- -	- -	- -	15	10	- -

Combined Bases

Corn/Grain Sorghum and Barley/Oats are combined for participation and base protection in 1985 as they were for 1982-1984.

Signup Period

Operators planting one or more program crops who wish to participate in the 1985 program may enroll their farms starting October 15, 1984. Enrollment will run continuously through March 1, 1985.

Advance Payments

Producers on a farm enrolled in the program are eligible for advance diversion payments for wheat, rice, and upland cotton. Also advance deficiency payments are available for wheat, corn, grain sorghum, barley, rice and upland cotton. Producers may request these advance deficiency and diversion payments at the time they sign.

Program Contracts

Program contracts signed by participants will be binding. They will provide for interest and liquidated damages for failure to comply with program requirements (acreage reduction program or diverted acreage), as well as require repayment of any unearned payments.

Payment-In-Kind (PIK)

PIK is not authorized for any crop in 1985.

Loan Program

Price support loans are available to eligible producers based on the regular loan rate for the county. Requests for loans must be filed before the final available date for the commodity.

Crop Bases

The 1985 crop base for a program crop will be considered as planted: (1) on farms complying with the 1985 acreage reduction program for that crop, or (2) on farms that do not have any acreage of the crop on the farm in 1985 and file a timely report of zero acreage.

Permitted Acreage

The acreage of the applicable crop(s) planted for harvest must not exceed the maximum permitted acreage reflected in the above table.

General

Cross compliance will not apply between individual commodity programs. Participation in one program is not required to qualify for program benefits in other programs.

Offsetting compliance will not apply. Owners and operators of farms complying with the acreage reduction program for a crop are not required to restrict the acreage of that crop for harvest on other nonparticipating farms they own or operate.

An accurate and timely report of acreages devoted to program crops and acreage conservation reserve is required to establish eligibility for program benefits. An inaccurate report could cause loss of all program benefits.

Acreage Conservation Reserve (ACR)

The acreage designated as ACR must equal the sum of the applicable cash diversion plus the result of multiplying the acreage reduction percentage times the planted acreage.

Acreages devoted to conservation uses must be protected from wind and water erosion in a manner approved for the county.

The ACR acreage may not be grazed during the 5 principal growing months as set for the county. Additionally, except for home gardens, no crops, including hay or silage, may be harvested from this acreage during the calendar year. Haying of ACR will not be permitted; however, the acreage may be grazed except during the 5 principal growing months as designated by the county ASC county committee (COC). In the event of a natural disaster, emergency haying and grazing privileges may be permitted as needed on a county-by-county basis.

To be eligible for designation as ACR, the land must be cropland that meets the following conditions:

- A Land devoted to small grain, row crops, or other crop planted annually in at least two of the last three years except that land in a summer fallow rotation must have been devoted to these crops in one of the last two years.
- B Land eligible to be designated as ACR in 1982, 1983 or 1984 and on which a permanent vegetative conservation practice has been established will be eligible through the 1985 crop year provided the practice is maintained. Such practices may be eligible for cost-sharing assistance under the Agricultural Conservation Program.

2/7/85 Attachment A

C Land specifically approved by the COC.

D Land which the producer is authorized to plant to small grains or row crops and which could be planted to such crops for harvest in 1985. This land cannot be designated as ACR for more than one program.

E Land that is at least 5.0 acres and 1.0 chain (66 feet) in width, except as otherwise approved by the COC.

Deficiency Payments

Deficiency payments shall be divided among producers in the same relationship that each producer shares in the total crop acreage on the farm. However, consideration may be given to the producer's contribution to the ACR in determining producer payment shares.

The deficiency payment will be the amount by which the target price exceeds the higher of the national average market price or the national average loan rate, times the established yield, times the acres for deficiency payment.

The acreage for deficiency payment will be the smaller of the permitted acreage or the actual planted acreage of corn and grain sorghum, upland cotton, ELS cotton, and rice; and for wheat and barley and oats, the acreage planted for harvest as grain including any volunteer acreage harvestable for grain.

Diversion Payments

For wheat, if both irrigated and nonirrigated yields are shown on the 1985 contract, the nonirrigated yield will be used for advance payment. The final diversion payment shall be computed using a yield that may be increased from the nonirrigated yield to the extent that the COC determines the land designated as diverted acreage for ACR was irrigated in two of the last three years and could and would have been irrigated in the current year in the absence of the program.

For upland cotton and rice, the yield shown on the 1985 contract will be used to compute any advance diversion payment. However, the final diversion payment will be computed using a yield which may be reduced from the yield shown on the contract to the extent the land which is designated as diverted from production for ACR purposes does not have a history of producing the crop and the COC determines that such land would not produce the crop yield as shown on the contract.

Unearned Deficiency or Diversion Payments

Failure to comply, after enrolling and receiving a payment, will require repayment of the payment plus accrued interest from the date of the disbursement at the rate in effect for commodity loans on the date of disbursement.

Refund of Unearned Advance Deficiency Payments

The Omnibus Budget Reconciliation Act of 1982 authorizes that advance deficiency payments be made available to producers. This act also requires that if the market price improves so that the total earned deficiency payment for the crop is not equal to the amount advanced, the producer must refund the difference between the amount advanced and the amount earned. Any advance deficiency payment that is unearned for other reasons must also be refunded.

Payment Limitation

The total amount of deficiency and diversion payments that a "person" shall be entitled to receive under one or more of the 1985 wheat, feed grains, upland cotton, ELS cotton, and rice programs cannot exceed \$50,000. "Persons" subject to the \$50,000 limitation may request that the ACR be adjusted to reflect such reduction in payment based on the projected deficiency rate.

Appeal Rights

Producers may appeal to the COC for reconsideration of any decision that the Committee makes concerning participation in the program. The appeal must be in writing and be timely filed.

IN ORDER FOR ASCS TO PROVIDE THE SERVICE TO WHICH YOU ARE ENTITLED, IT IS EXTREMELY IMPORTANT THAT ALL COUNTY OFFICE RECORDS WITH RESPECT TO YOUR FARM BE KEPT CURRENT. If there has been a change in ownership, operator, tenancy, size of farm, irrigation systems and use, or other factors which may affect your operation, please visit your County ASCS Office at your earliest convenience for the purpose of updating records for your farm.

PARTICIPATION IN PROGRAMS ADMINISTERED BY ASCS IS OPEN TO ALL ELIGIBLE FARMERS WITHOUT REGARD TO RACE, COLOR, AGE, SEX, RELIGION, NATIONAL ORIGIN, OR HANDICAP.

*U.S.GPO:1984-0-565-233

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