

FARM BILL SUMMARY

After many months of stops, starts and negotiations, the Farm Bill Conference Committee finally agreed upon the contents of the Farm Bill and proceeded to file its conference report. It was voted on and passed by the House and Senate this week by very large margins that showed this Farm Bill is truly a bipartisan piece of legislation. The bill has made history by addressing, for the first time, the needs of Specialty Crop producers.

This five-year bill, which will expire in 2012, contains some provisions of great importance to the grape and wine industry:

RESEARCH

Specialty Crop Research Initiative

The legislation provides *\$230 million (over 5 years)* in mandatory funding to establish the Specialty Crop Research Initiative, which will develop and disseminate science-based tools to address the needs of specific crops and their regions. The research is important priorities such as genetics, plant breeding, mechanization, pests and diseases, food safety.

Those entities eligible to participate include:

- federal agencies;
- national laboratories;
- colleges and universities;
- research institutions and organizations;
- private organizations or corporations;
- state agricultural experiment stations;
- individuals;
- or groups consisting of two or more entities described previously.

In awarding grants, higher priority will be given to projects that are multi-state, multi-institutional, or multi-disciplinary; and include explicit means to communicate results to producers and the public. Another condition of grants is that the funds may not be used for the construction of a new building or facility or the acquisition, expansion, remodeling, or alteration of an existing building or facility. Grant recipients also will be required to provide funds or in-kind support from non-federal sources in an amount that is at least equal to the amount provided by the federal government.

The funding provided in each fiscal year is as follows:

- \$30,000,000 mandatory funding for fiscal year 2008;
- \$50,000,000 mandatory funding for each of fiscal years 2009 through 2012;
- \$100,000,000 authorization for each of fiscal years 2008 through 2012.

Organic Agriculture Research and Extension Initiative

The bill provides funding for the Organic Agriculture Research and Extension Initiative. This research initiative focuses on projects aimed at examining optimal conservation and environmental outcomes relating to organically produced agricultural products; and developing new and improved seed varieties that are particularly suited for organic agriculture. The projects will be coordinated by the USDA Division Chief of the applicable Research, Education, and Extension Office to ensure, as much as possible, that unnecessary duplication of effort is eliminated or minimized.

The funding provided in each fiscal year is as follows:

- \$18,000,000 mandatory funding for fiscal year 2009;
- \$20,000,000 mandatory funding for each of fiscal years 2010 through 2012;
- \$25,000,000 authorization for each of fiscal years 2009 through 2012.

GRANTS

Specialty Crop Block Grants

The Farm Bill provides *\$466 million (over 5 years)* in mandatory funding for Specialty Crop Competitiveness (Block) Grants that focus on local efforts to enhance specialty crop producers' ability to compete in the marketplace and improve quality. Each state's department of agriculture will receive a minimum grant that is at least \$100,000 or 1/3 of one percent of the total amount of available funding for each fiscal year, whichever is greater.

The funding provided in each year is as follows:

- \$10,000,000 mandatory funding for fiscal year 2008;
- \$49,000,000 mandatory funding for fiscal year 2009; and
- \$55,000,000 mandatory funding for each of fiscal years 2010 through 2012.

Value Added Grants

The bill provides mandatory funding for Value Added Grants. The term 'value-added agricultural product' means any agricultural commodity or product that:

- has undergone a change in physical state;
- was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by USDA;
- is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product;
- is a source of farm- or ranch-based renewable energy, including E-85 fuel; or
- is aggregated and marketed as a locally-produced agricultural food product.

The end result of meeting the previous criteria, would need to be that the customer base for the product has expanded and a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product. A grant awarded within this program cannot have a term that exceeds three years.

Ten percent of the funding made available in each fiscal year will be reserved for projects to benefit beginning or socially disadvantaged farmers and operators of small and medium sized farms that are structured as a family farm. Additionally, 10 percent also will be reserved for those priority eligible entities that propose to develop mid-tier value chains. A mid-tier value chain is local and regional supply networks that link independent producers with businesses and cooperatives that market value-added agricultural products in a manner that:

- targets and strengthens the profitability and competitiveness of small and medium-sized farms and ranches that are structured as a family farm; and
- obtains agreement from an eligible agricultural producer group, farmer or rancher cooperative, or majority controlled producer-based business venture that is engaged in the value chain on a marketing strategy.

Any amounts in reserve that are not obligated by June 30 of the fiscal year will be available for USDA to make grants eligible entities in any state.

The funding provided in each fiscal year is as follows:

- \$15,000,000 mandatory funding beginning on October 1, 2008 until it is used up;
- \$40,000,000 authorization for each of fiscal years 2008 through 2012.

PEST AND DISEASE MANAGEMENT AND DISASTER PREVENTION

The bill funds the **Early Plant Pest Detection and Surveillance Improvement Program**. This program encompasses the full range of activities undertaken to find newly introduced plant pests, whether the plant pests are new to the US, or new to certain areas of the US, before the plant pests become established; or the plant pest infestations become too large and costly to eradicate or control. USDA will enter into a cooperative agreement with each state department of agriculture that agrees to conduct early plant pest detection and surveillance activities. Applicants will be required to provide the criteria to be used to ensure that early pest detection and surveillance activities supported under the cooperative agreement are based on sound scientific data or thorough risk assessments; and the means of identifying pathways of pest introductions.

The non-Federal share of the cost of carrying out a cooperative agreement under this section may be provided in-kind, including through provision of such indirect costs of the cooperative agreement as the Secretary considers appropriate. But USDA will not take the ability to provide non-federal costs to carry out a cooperative agreement entered into consideration when deciding whether to enter into a cooperative agreement with a state department of agriculture.

USDA will provide funds to a state department of agriculture if it is determined that:

- the State department of agriculture is in a state that has a high risk of being affected by 1 or more plant pests or diseases, taking into consideration the number of international ports of entry in the state;
 - the volume of international passenger and cargo entry into the state;
 - the geographic location of the state and if the location or types of agricultural commodities produced in the state are conducive to agricultural pest and disease establishment due to the climate, crop diversity, or natural resources (including unique plant species) of the state; and
 - whether the Secretary has determined that an agricultural pest or disease in the State is a Federal concern; and
- the early plant pest detection and surveillance activities supported with the funds will likely
 - prevent the introduction and establishment of plant pests; and
 - provide a comprehensive approach to compliment federal detection efforts.

Any state department of agriculture that conducts early plant pest detection and surveillance activities using cooperative agreement funds is required to submit a report to USDA that describes the purposes and results of those activities not later than 90 days after the date of completion.

The bill also provides funding for a **Threat Identification and Mitigation Program** to determine and address threats to the domestic production of crops. As part of the program, USDA will develop risk assessments of the potential threat to the agricultural industry of the United States from foreign sources; collaborate with the National Plant Board; implement action plans for high consequence plant pest and diseases to assist in preventing the introduction and widespread dissemination of new plant pest and disease threats in the United States. Not later than 1 year after the date of enactment of this paragraph, and annually thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the action plans described in paragraph.

Additionally, the bill establishes **Specialty Crop Certification and Risk Management Systems**. Under this program, USDA will provide funds and technical assistance to specialty crop growers, organizations representing specialty crop growers, and state and local agencies working with specialty crop growers and organizations for the development and implementation of audit-based certification systems, such as best management practices to address plant pests; and to mitigate the risk of plant pests in the movement of plants and plant products.

nursery plant pest risk management systems, in collaboration with the nursery industry, research institutions, and other appropriate entities—to enable growers to identify and prioritize nursery plant pests and diseases of regulatory significance; to prevent the introduction, establishment, and spread of those plant pests and diseases; and to reduce the risk of and mitigate those plant pests and diseases.

The funding provided in each year for these programs is as follows:

- \$12,000,000 mandatory funding for fiscal year 2009;
- \$45,000,000 mandatory funding for fiscal year 2010;
- \$50,000,000 mandatory funding for fiscal year 2011; and
- \$50,000,000 mandatory funding for fiscal year 2012 and each fiscal year thereafter.

DISASTER ASSISTANCE

Tree Assistance Program

The Farm Bill increases the maximum total amount of Tree Assistance Program payments received, directly or indirectly, by a person or legal entity from *\$75,000 to \$100,000* for any crop year, or an equivalent value in tree seedlings. The total quantity of acres planted to trees or tree seedlings for which a person or legal entity shall be entitled to receive payments may not exceed 500 acres.

It also provides for reimbursement of 50 percent of the cost of pruning, removal, and other costs incurred by an eligible grower to salvage existing trees or, in the case of tree mortality, to prepare the land to replant trees as a result of damage or tree mortality due to a natural disaster, in excess of 15 percent damage or mortality (adjusted for normal tree damage and mortality).

CONSERVATION

The bill provides mandatory funding for the **Conservation Innovation Grants and Payments** program. USDA will pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging the federal investment in environmental enhancement and protection, in conjunction with agricultural production. The proposed innovative project or activity must

encompass the development and field testing, evaluation, and implementation of conservation adoption incentive systems, including market-based systems; or promising conservation technologies, practices, systems, procedures, or approaches.

More specifically, USDA will provide grants to governmental and non-governmental organizations and persons, on a competitive basis, to carry out projects that:

- involve producers who are eligible for payments or technical assistance under the program;
- utilize federal funds made available to carry out the program with matching funds provided by state and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production;
- ensure efficient and effective transfer of innovative technologies and approaches demonstrated through projects that receive funding, such as market systems for pollution reduction and practices for the storage of carbon in soil; and
- *provide environmental and resource conservation benefits through increased participation by producers of specialty crops.*

Within this program, USDA also will provide payments to producers to implement practices to address air quality concerns from agricultural operations and to meet federal, state, and local regulatory requirements. The funds will be made available on the basis of air quality concerns in a state and will be used to provide payments to producers that are cost effective and reflect innovative technologies.

The funding provided in each year is as follows:

- \$37,500,000 for each of fiscal years 2009 through 2012.

MISCELLANEOUS

National Clean Plant Network

The bill also establishes a National Clean Plant Network. This network will be made up of clean plant centers for diagnostic and pathogen elimination services to produce clean plant material for propagation; and maintain blocks of pathogen-tested plant material in sites located throughout the US. The clean plant material will be made available to a state for a certified plant program as well as private nurseries and growers.

The funding provided in each year is as follows:

- \$5 million mandatory funding for each of the fiscal years 2009 through 2012.

Market Access Program

The bill provides mandatory funding for the Market Access Program (MAP) in the amount of \$200,000,000 for each of fiscal years 2008 through 2012.

These provisions along with other Specialty Crop specific provisions are the result of years of work by WineAmerica, as part of the Specialty Crop Farm Bill Alliance, to ensure that national agriculture policy addresses the needs of the entire agriculture community. It is a significant, vital first step and one that the industry will continue to build upon.