

COMMITTEE: AGRICULTURE AND ENERGY

POLICY: NATIONAL AGRICULTURE

TYPE: CONSENT

The National Conference of State Legislatures (NCSL) believes that maintaining a strong production agriculture capacity is critical to our nation's strength and is a matter of national security. NCSL recognizes that decisions affecting American agriculture must reflect a working partnership of the federal government with the states in both the formulation and implementation of policy.

Agricultural Fiscal Policy

The National Conference of State Legislatures urges federal efforts designed to enhance farm income while increasing agricultural exports. Monetary policies must be implemented which promote low interest rates and maintain dollar exchange rates which enhance the potential for sale of this nation's commodities in international markets. The federal government must also maintain a stable financial network capable of supplying adequate amounts of affordable credit to the agricultural industry. The government must also continue to search for innovative financing tools which enhance the ability of agricultural producers to manage risk and stabilize income. In addition, any domestic farm program must work in conjunction with a strong, aggressive export program which protects and expands our export markets.

State legislators should be represented on any working or study group for the purpose of addressing long term agriculture lending and payment needs established by

Congress or the executive branch. NCSL urges Congress to review the existing payment limitations for individual farmers and program eligibility requirements to ensure that they provide support to economically efficient farming operations and promote the preservation of the family farm. In addition, the Conference recommends that all federal agricultural adjustment payments, price-support program loans, payments and other benefits not related to soil conservation efforts be limited to citizens of this country or aliens lawfully admitted for permanent residence.

Secondary Market for Long-Term Loans: NCSL urges the federal government to work with states to assure that the provisions of the Agricultural Credit Act of 1987 continue to be fully implemented.

Bankruptcy law: NCSL supports federal legislation to permanently extend allowing farm operations to declare Chapter 12 bankruptcy.

Farm Credit System (FCS): The National Conference of State Legislatures encourages farm credit institutions to work with farmer-borrowers to restructure debt. NCSL urges that any disposition of land and assets held by the System or its units be conducted in an orderly fashion so that such disposition does not adversely affect the value of those assets or of other property within the community. NCSL also urges that FCS institutions continue to work with producers to provide necessary financing for changes in payments and crops resulting from adjustments to federal programs.

Commercial Lending Institutions: NCSL believes that as federal financial assistance is provided to member institutions of the FCS, assistance should also be provided to

commercial lending institutions that provide credit to agriculture. Furthermore, Federal Deposit Insurance Corporation (FDIC) policies and federal bank regulation procedures must be reviewed to ensure that the maximum assistance is being provided to troubled borrowers, without compromising the safety and soundness of the institution or the assets of the FDIC.

Agricultural Bonds: NCSL supports exempting agricultural bonds from the federal volume cap placed on industrial revenue bonds in each state. Furthermore, NCSL recommends that the President and U.S. Congress amend the federal Internal Revenue Code to make the use of agricultural bonds more attractive to banks and other financial institutions. NCSL also recommends that the federal government permit deductibility for loans financed by issuers that are not necessarily small issuers as defined by the Internal Revenue Code.

Crop Insurance: NCSL supports a state-federal partnership to develop a fair and affordable crop insurance program that complements other risk management tools available in the marketplace for all crops. NCSL supports an efficient program that promotes informed production and management decisions. NCSL also supports federal efforts to encourage private-sector development of innovative risk management tools. However, any plan for crop insurance must not adversely impact a state's ability to levy premium taxes, regulate the business of private insurance and set solvency standards for private crop insurers.

Marketing

The National Conference of State Legislatures seeks a federal policy that will sustain a vibrant agricultural marketplace and strong farm economy while providing for competition and fair practices. The federal government should cooperate fully with states' efforts to supplement private sector marketing programs by providing comprehensive marketing, promotion and market development activities. These should include, at a minimum, sustained commitments to the provision of data on market trends and consumer demands, technical assistance, financial assistance and public education campaigns.

Special emphasis must be placed upon the development of new markets through the creation of demand for new crops or products or additional sources of demand for existing commodities and products; the improvement of linkages between buyers and sellers; a shift toward the sale of processed, not raw, commodities and high value cash crops; and the identification and analysis of potential markets. All parties, both public and private sector, must work together to develop effective strategies to exploit those opportunities fully and to maintain an ongoing ability to respond to changing consumer demands.

Direct Marketing Arrangements: NCSL recommends that Congress review the Packers and Stockyards Act as a mechanism for addressing unfair practices that may occur under direct marketing arrangements, monitor activities in this area, and enact appropriate and timely legislation to safeguard the welfare of producers. NCSL urges Congress and USDA to strengthen and diligently enforce the provisions of the Packers

and Stockyards Act in concert with the clear intent of the Act to curb monopolistic abuses in the concentrated meatpacking sector.

Competition

Family farmers ultimately derive their income from the agricultural marketplace.

Congress must set rules to improve the competitive environment of agriculture so that farmers are able to retain a greater portion of their income.

Natural Resource Conservation

All federal government actions affecting natural resources should be conducted in close cooperation and only after consultation and coordination with the states. A strong commitment to conduct research, in the area of improved methods of natural resource conservation and protection, must be maintained. The federal government should work with state and local governments to develop agricultural land use policies, but should leave the responsibility for establishment of these policies to the state and local governments. NCSL favors a block grant approach that gives states maximum flexibility. Fundamentally, NCSL believes that states must be given a much stronger voice in ensuring that federal wetlands, endangered species, and land management policies respect the rights of local landowners and states.

Wetlands and Endangered Species: The federal government should delegate authority to states for the development, administration, and enforcement of wetlands protection and endangered species programs. The national government, acting through USDA, should set broad national goals and standards for wetlands protection and preservation of endangered species, but states should have the flexibility to meet those

goals. The federal government, furthermore, should provide financial and technical assistance as incentives to encourage states to assume primacy over wetlands and endangered species programs.

Land Management: Devolution of authority to states should also be a goal of federal land management policies. Demonstration projects should be established to determine if state administration of national forests, grasslands, parks and other federal property will result in cost savings to taxpayers and greater sensitivity to the concerns of local citizens and property owners. NCSL, moreover, encourages Congress and federal agencies to hold hearings and public meetings in order to hear the concerns of state and local officials and of ordinary citizens and property holders regarding the impact of federal landownership and regulation.

Soil Conservation: NCSL supports an ongoing education program to make certain that producers are fully aware of the need for proper soil conservation practices and of the best methods to use in their implementation. Diligent efforts must be made by the federal government to ensure that proper soil conservation practices are adopted and that fragile, erodible land is protected.

The National Conference of State Legislatures supports existing law which requires that each farm have and follow an approved soil and water conservation plan in order to obtain government assistance. Benefits may be denied if that crop is grown in violation of this requirement. Further, NCSL supports continued extension of the Conservation Reserve Program.

Research and Development

NCSL supports the state-federal partnership in agricultural research at state universities. Furthermore, funds must be made available to support research and development of innovative products. Funds should also be used for dissemination of information about research discoveries both domestically and abroad. It is particularly important that the land grant universities maintain their commitment to agricultural research and development.

NCSL urges the federal government to maintain a strong research program for the development of adequate, cost-effective and environmentally sound control measures to ensure the eradication of all insect and plant pests and animal diseases should be done in close cooperation with the states. Using existing mechanisms and institutions, the federal government should work with the states in providing the basic training and retraining opportunities necessary for the successful operation of an agricultural enterprise and for the continuing adjustment of producers to changing conditions in agriculture.

Intellectual Property Rights in Publicly Funded Research: The National Conference of State Legislatures calls on Congress to review the Bayh-Dole Act of 1980 and subsequent amendments for its impact on encouraging concentration and vertical integration within the agricultural sector, and for its consistency with the mission and purpose of the Land Grant College system. Further, Congress should increase federal support for agricultural research, and retain through grant and contract provisions greater portions of technology arising from such research within the public domain.

Congress should also affirm as objectives of the Land Grant Colleges' agricultural research mission to achieve broad dissemination and producer access to crop technology, and preserve and enhance the income and economic opportunities of producers.

Beginner Farm Programs

The National Conference of State Legislatures supports a state-federal partnership to confront challenges faced by farmers and beginner farmers, including the use of federal tax incentives to support state-based development and loan programs. NCSL supports changes to the federal Internal Revenue code that reduce borrowing costs to qualifying farmers and strengthen state beginner farmer programs. Furthermore, NCSL supports raising the total volume of state bonding authority to free resources for beginner farmer programs if achieved in a manner consistent with a balanced federal budget.

Agriculture Biofuels

NCSL believes that the USDA should be the lead federal agency to examine regulatory issues as they develop for the algaculture (Farming Algae) industry.

Support State Regulation of Agricultural Biotechnology

NCSL supports the responsible use of the beneficial qualities of agricultural biotechnology such as in improved crop production techniques, pharmaceuticals, anti-immune disease control, biodegradable plastics, and other potential benefits to people in their states, the nation, the world and the global environment. NCSL supports the continued regulation of agricultural biotechnology through state and territorial governments working in close collaboration and partnership with the Coordinated

Framework of U.S. Environmental Protection Agency (EPA), U.S. Department of Agriculture (USDA), and U.S. Food and Drug Administration (FDA).