

2022 Legislative Fly-In Priorities



Fairness for Farmers

NFU's Fairness for Farmers campaign brings the devastating impact corporate monopolies have on family agriculture into the national spotlight. Launched in September 2021, the campaign calls for legislative and regulatory reforms, and calls upon family farmers and ranchers to tell their stories about how corporate monopolies have affected them.



**FAIRNESS FOR
FARMERS**

A Farmers Union Project

SUPPORT the Meat and Poultry Special Investigator Act to give USDA more capacity to enforce the Packers and Stockyards Act of 1921.

What we can do: Ask Senators to pass the bipartisan Meat and Poultry Special Investigator Act (S. 3870) on the Senate floor. The Senate Agriculture Committee approved the bill in July. A version of the bill passed the full House in June 2022 by a vote of 221-204 as part of H.R. 7606 and became known as the Lower Food and Fuels Costs Act in June 2022.

About this issue: The Packers and Stockyards Act (PSA) is a 100-year-old law originally designed to protect farmers, ranchers, and consumers from unfair, deceptive, and anti-competitive practices by meat packing companies. To work well now, the PSA needs stronger enforcement; the Meat and Poultry Special Investigator Act is designed to help with this. The effort to pass the bill has been led by Senators Tester (D-MT) and Grassley (R-IA), and in the House, the lead cosponsors are Representatives Spanberger (D-VA) and Miller-Meeks (R-IA).

The bill will create the "Office of the Special Investigator for Competition Matters" at USDA to establish and direct a team to investigate and prosecute violations of the PSA by meatpackers and poultry integrators. The office would work in coordination with the Department of Justice and the Federal Trade Commission to address competition issues in the food and agriculture sectors. It would also create a link between USDA and the Department of Homeland Security to protect the food supply and agricultural infrastructure from cyberattacks and other threats.

SUPPORT the Cattle Price Discovery and Transparency Act to bring more fairness to cattle markets.

What we can do: Tell lawmakers to support and pass the bipartisan Cattle Price Discovery and Transparency Act of 2022 (S. 4030 and H.R. 7639) to help farmers and ranchers get a fair price for their cattle, and to reduce opportunities for the highly concentrated meatpacking industry to manipulate markets. The bill has advanced out of the Senate Agriculture Committee, but has yet to pass the full Senate or the House Agriculture Committee.

About this issue: Cattle markets are highly consolidated, with just four companies controlling 85 % of processing of fed cattle. These companies prevent farmers and ranchers from getting a fair price for their livestock, while they overcharge consumers, and rake in massive profits. An important part of bringing greater fairness to cattle markets is increased price discovery and transparency.

In the last 15 years, the level of cash (also known as “negotiated” or “spot market”) trades in the cattle market has declined dramatically in favor of “Alternative Marketing Agreements” (AMAs). Congress passed the Livestock Mandatory Reporting Act (LMRA) in 1999 in response to concerns about AMAs and high levels of concentration in the meatpacking industry. LMRA resulted in livestock mandatory price reporting (LMR) of most livestock transactions.

LMR has helped with price discovery, but the erosion of the cash market for cattle is undermining its benefits. While AMAs can be a valuable tool for producers and meatpackers, the cash market serves as the basis for pricing through AMAs. A thinly traded cash market is susceptible to manipulation by packers, which can lead to lower producer prices. Preserving a robust cash market is essential for price discovery. The packers’ control of the market gives them significantly more market information than cattle producers. More transparency in the marketplace is needed for producers to get a fair shake.

The Cattle Price Discovery and Transparency Act of 2022, led by Senators Fischer (R-NE), Tester (D-MT), Grassley (R-IA), and Wyden (D-OR), and Representatives Axne (D-IA) and Feenstra (R-IA) includes several provisions to address the decline in price discovery and transparency in cattle markets. These provisions include:

- Establishment of regional minimums for cash trades, as set by USDA through a public process, to improve price discovery in cattle markets.
- Requiring 14-day slaughter reporting, expedited carcass weight reporting, and reporting of cutout yield data.
- Making permanent a cattle contract library, which will provide producers greater insight into the AMAs being used in the market.

SUPPORT the American Beef Labeling Act of 2022 to re-establish mandatory Country of Origin Labeling (COOL) for beef.

What We Can Do: Tell lawmakers to cosponsor the American Beef Labeling Act (S. 2716 and H.R. 7291) to reinstate mandatory Country-of-Origin Labeling (COOL) for beef sold at retail.

About this issue: Clear and accurate food labels help consumers make informed purchasing decisions and allows farmers and ranchers to differentiate their products. Surveys show that Americans want to know where their food comes from, and farmers and ranchers want to provide them with that information.

Accurate labeling for food products would make the food system fairer, but multinational meatpackers have fought fair and accurate labels for decades. Current laws allow imported beef that is finished or processed in the U.S. to be labeled “Product of the USA,” which undermines consumer confidence in labels and may depress prices for domestic producers. Farmers Union has worked to address this problem, and championed provisions in the 2002 and 2008 farm bills to establish COOL. Meatpackers fought these legislative wins, and despite victories for COOL in the U.S. legal system, the World Trade Organization ruled against the U.S. on COOL for beef. Congress subsequently repealed COOL in 2015.

Congress should reinstate COOL for beef by passing the American Beef Labeling Act. The bill would give the U.S. Trade Representative (USTR) six months to develop a reinstatement plan followed by a six-month window to implement it. If USTR fails to reinstate COOL for beef within one year of enactment, it would automatically be reinstated. The bill would promote a fairer, more competitive market for America’s farmers and ranchers and boost quality family-sustaining jobs for meat processing workers.

SUPPORT and PROTECT rulemaking by USDA to strengthen the Packers and Stockyards Act.

What we can do: Tell Congress that you support the Administration’s efforts to strengthen the Packers and Stockyards Act (PSA) of 1921 through its rulemaking process. You can also work with your state Farmers Union division and NFU to submit comments on the proposed PSA rules to ensure they are strong and provide genuine protections to livestock producers.

About the issue: In July 2021, President Biden issued an executive order on competition directing the USDA to write new rules under the PSA. The 100-year-old PSA was originally intended to protect meat and poultry producers from unfair, deceptive, and monopolistic

practices in the meat market. But the law is not strong enough to fully protect livestock producers. Instead, we have seen rampant consolidation in the livestock industry, reduced transparency in the marketplace, the rise of unfair contract terms, and depressed prices paid to farmers. New rules being proposed by USDA to strengthen the PSA can help.

USDA has begun to propose new PSA rules that will:

- Require poultry companies to be more transparent with contract growers.
- Reduce the barriers farmers face to file legal challenges under the PSA.
- Clarify which practices are unfair, discriminatory, or deceptive under the PSA.

SUPPORT the Agricultural Right to Repair Act and the Fair Repair Act

What we can do: Tell lawmakers to support legislation that will give farmers and ranchers the right to repair their own equipment and empower independent mechanics. Lawmakers should support the Agricultural Right to Repair Act (S. 3549) introduced by Senator Tester (D-MT) and the Fair Repair Act (S. 3830 and H.R. 4006) introduced by Senators Lujan (D-MN) and Lummis (R-WY), and Representative Morelle (D-NY).

About this issue: Most modern farm equipment, such as tractors and combines, are technologically advanced, containing computers and sensors, often requiring software tools to complete repairs. However, most equipment manufacturers refuse to make those tools fully available to farmers and independent mechanics, leaving farmers no choice but to take their broken equipment to a licensed dealership. This leads to lack of competition in the market, inflated service prices, and service delays during tight planting or harvest windows.

Unfortunately, there aren't a lot of alternatives for farmers who want to buy equipment they can fix. About 95% of large farm tractors are made by just three companies. Some farmers have resorted to buying older tractors that don't require software to complete repairs, leading to inflated prices for older equipment and is not a long-term solution.

Federal legislation has been introduced that would ensure that farm equipment owners and independent mechanics have access to documentation, parts, and software tools required to diagnose, repair, and maintain equipment. The Federal Trade Commission (FTC) unanimously adopted a policy in July 2021 to ramp up law enforcement against illegal repair restrictions. March 2022, NFU joined several organizations in filing a complaint with the FTC again John Deere for restricting repair.

2023 Farm Bill Priorities

American family farmers, ranchers, and consumers all benefit from a strong and resilient food system, and the farm bill helps ensure that our rural and agricultural economies can thrive. The 2018 Farm Bill will expire in a little more than a year, and now is the time for Farmers Union members to speak up and share with lawmakers their priorities for the 2023 Farm Bill.

With a few months left in 2022 and the 117th Congress, there are opportunities for lawmakers to pass legislation that will address the lack of competition and corporate monopolies' dominance of the agricultural economy. There are several bills that are NFU priorities for the rest of the year, as described in the "Fairness for Farmers" section above. However, if the calendar turns over to the new year and the bills have not yet been passed, the 2023 Farm Bill is a prime opportunity for action.

Strengthen the FARM SAFETY NET through increased price-based triggers in commodity programs to reflect higher prices and input costs.

The 2018 Farm Bill was an evolutionary, not revolutionary, farm bill. The changes made to existing programs, like Price Loss Coverage and Agriculture Risk Coverage, marketing loans, and crop insurance, were relatively small adjustments. Programs in Title I (Commodities) and Title XI (Crop Insurance) of the 2018 Farm Bill functioned as they were designed. However, when the bill was being considered by Congress, the farm economy was in crisis, with low commodity prices and a rapidly deteriorating export market due to a unilateral trade war with China. Soon afterwards, the COVID-19 pandemic upended markets and the resulting reverberations in all sectors of the economy led to unusual price volatility.

The 2023 Farm Bill should maintain and improve the farm safety net programs in the commodity and crop insurance titles, with changes that would:

- Increase loan rates and other price-based triggers to reflect higher commodity prices and input costs.
- Make risk management products, like crop insurance, more accessible for specialty crop producers and diverse cropping systems.
- Improve Whole Farm Revenue Protection to expand its use and adoption.
- Provide crop insurance discounts to farmers for planting cover crops or using other conservation practices that increase resiliency and decrease risk.
- Authorize a program that incentivizes farmers to voluntarily remove marginal or

environmentally sensitive agricultural land from production on an annual basis in exchange for an increased crop insurance guarantee.

Expand and enhance PERMANENT DISASTER PROGRAMS so that family farmers and ranchers are able to bounce back quickly from severe weather and other loss events.

In the current farm bill, there are four standing (or permanent) disaster programs: Livestock Indemnity Program, Livestock Forage Disaster Program (LFP), Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP), and the Tree Assistance Program (TAP). In addition to these four programs, a series of ad hoc production-, price-, and tariff- based disaster programs have been implemented since 2018 via acts of Congress and/or action by USDA. While these efforts provided tens of billions of dollars in support to farmers and ranchers, they were made outside of the farm bill and are not permanently authorized, nor do they count towards baseline funding levels for the 2023 Farm Bill. These programs include the Market Facilitation Program (MFP), Wildfires and Hurricanes Indemnity Program (WHIP and later WHIP+), the Coronavirus Food Assistance Program (CFAP and CFAP 2), and the Pandemic Assistance for Producers initiative.

Ad hoc disaster programs from the last several years can be instructive for lawmakers when considering changes or additions to the existing emergency programs. Farmers Union members who have participated in any of these programs can share what they have experienced with the programs with members of Congress and administration officials. Lawmakers should also explore ways for past ad hoc disaster programs to be reflected in the farm bill budget and baseline, support the application of appropriate eligibility and payment caps to programs, incentivize the use of sustainable and climate-smart farming practices, and avoid practices that would undermine crop insurance.

Build upon CONSERVATION programs to help family farmers and ranchers address the climate crisis.

Farmers and ranchers have long taken action to leave the land better than they found it, and their livelihoods depend on healthy soils and functioning ecosystems. But farmers cannot accomplish conservation, sustainability, and climate goals on their own. Conservation measures are often expensive, technically demanding, and time consuming to implement. The farm bill's conservation title provides farmers and ranchers with critical technical and financial assistance to accomplish conservation goals.

Farm bill conservation programs help farmers conserve natural resources, protect wildlife, improve soil, water, and air quality, and enhance on-farm sustainability. These objectives have always been important, but as the climate continues to change and extreme weather events become more common, they are increasingly critical. Through improved soil management techniques, farmland soils can sequester carbon. This removes a harmful greenhouse gas from the atmosphere while boosting farmers' and ranchers' resilience to climate change through improved soil health. Additional practices and techniques are available to reduce other emissions, while making farm operations more efficient.

Key existing programs include the Environmental Quality Incentives Program (EQIP), the Conservation Stewardship Program (CSP), the Regional Conservation Partnership Program (RCPP), the Agricultural Conservation Easement Program (ACEP), and the Conservation Reserve Program (CRP). Each of these programs plays a different role in ensuring farmers and ranchers can conserve, manage, and enhance natural resources and address climate change, while increasing the productivity and sustainability of their operations.

As the wide-ranging effects of climate change mount, farm bill conservation programs are more important than ever. The next farm bill offers a critical opportunity to build upon existing farm bill conservation programs, including by strengthening the focus on addressing climate change.

Foster strong and resilient LOCAL AND REGIONAL FOOD SYSTEMS and DIVERSE MARKETS through farm bill programs.

Farm and ranch businesses cannot succeed without adequate markets for their products. Traditional markets remain valuable and necessary for many producers. But to ensure we have a farm and food system that is resilient to shocks and disruptions, and as farmers explore different crops and livestock, alternative market opportunities at various scales, including local and regional markets, are essential. Farm bill programs play an important role in building and strengthening these markets.

Local and regional markets, with their shorter supply chains, can help farmers capture a larger share of the retail food dollar and improve resilience in food and agricultural supply chains. Value-added activities are important for rural economic development and can increase producer incomes.

Certified organic products typically command a higher market price and domestic demand continues to outpace supply. Cooperatives help farmers market their products and get better

prices in the marketplace. And urban and suburban farms play important roles in community food systems.

All these markets are supported through farm bill programs. The next farm bill should promote a fair and open marketplace that strengthens programs that support diverse market opportunities and local and regional supply chains.

Enact the DAIRY REVITALIZATION PLAN to stem the loss of family dairy farms.

Dairy farmers have experienced boom and bust price cycles for decades. These volatile cycles are triggered by an imbalance between supply and demand. When milk prices are high, farmers respond by increasing production to meet the demand, and when prices are low, dairy farmers also respond by increasing production to help their bottom line, unintentionally flooding the market and driving prices down further. The wild price swings that result make it difficult to manage a business, and over the last decade, the U.S. has lost an average of five dairy farms a day.

The Dairy Revitalization Plan is a growth management strategy that coordinates milk production growth among all dairy producers to stabilize and improve prices for everyone. It would offer a series of incentives and disincentives to better align milk production growth with demand growth. The Dairy Revitalization Plan would promote growth in the dairy industry, but in a coordinated way, among all dairy producers, so that all have the potential to reach their desired levels of production and profitability.

According to a recent study, Had the Dairy Revitalization Plan been enacted in the last farm bill, milk prices would have been higher by an average of \$1.41/cwt. between 2014 and 2021. The degree of variation in prices above or below the average milk price was reduced by approximately 50 % in the study. Income was higher for farms that stayed within allowable growth across all levels of production.

Climate, Conservation, and Biofuels

Guide USDA in effectively implementing the climate, conservation, and biofuels provisions in the Inflation Reduction Act of 2022

What We Can Do: With the passage of the Inflation Reduction Act of 2022, farmers and ranchers have an opportunity to guide USDA in connecting farmers, ranchers, and rural communities with the resources allocated in the bill to climate change, conservation, and renewable energy.

About this issue: In August, Congress passed the Inflation Reduction Act of 2022, a historic climate, tax, and health care bill that includes major provisions for farmers, ranchers, and rural communities. The bill is the largest climate change spending package in U.S. history, with billions of dollars dedicated to farm bill conservation programs and support for renewable energy.

Now that Congress passed the bill, the work of implementation begins. The bill includes nearly \$20 billion in funding for farm bill conservation programs and directs USDA to use those funds to help farmers and ranchers address climate change on their land. The bill also includes nearly \$14 billion in renewable energy investments, including for the Rural Energy for America Program (REAP) to help farmers and rural small businesses implement renewable energy projects or improve energy efficiency, to assist Rural Electric Cooperatives invest in more renewable energy, and to support biofuel infrastructure improvements for blending, storing, supply, and distribution. The bill also includes biofuels tax credits, including a new tax credit for sustainable aviation fuels.

Pass the Growing Climate Solutions Act (GCSA) to reduce barriers for farmer participation in carbon and other environmental credit markets.

What We Can Do: encourage Congress to pass the Growing Climate Solutions Act (GCSA) (S.1251 and H.R.2820) to help farmers fight climate change, improve carbon credit market transparency and standardization, and reduce barriers to farmer participation in carbon and other environmental credit markets.

About this issue: Family farmers, ranchers, and rural communities are feeling the effects of climate change. Rising average temperatures, shifting precipitation patterns, and increasingly frequent extreme weather events, are making farming and ranching more difficult. Though the climate challenge is enormous, farmers and ranchers hold great power to address this crisis.

One way farmers can contribute to solving climate change is by adopting management practices that sequester atmospheric carbon in the soil. Farmers and ranchers might choose to adopt such practices in conjunction with a decision to participate in voluntary carbon credit markets. But participation in such markets can be challenging and complicated. The GCSA is meant to help improve the integrity of the carbon credit marketplace and make it easier for farmers to participate.

Support the Next Generation Fuels Act, which increases gasoline octane to a minimum standard through low-carbon, renewable fuels.

What We Can Do: Support the Next Generation Fuels Act (S.4621 and H.R.5089), which supports higher-level blends of ethanol that clean our air and supports farmers and rural communities.

About this issue: The transition to an American-grown, renewable energy future for the U.S. is well underway. The growth of renewable energy use in transportation fuels has been a success story for all Americans. For the U.S. to realize the full potential of the renewable energy sector, we should promote clean, higher-level blends of ethanol and advanced biobased fuels. The path to increased ethanol usage is through high octane, low carbon fuel.

The Next Generation Fuels Act would achieve the goal of increasing the amount of ethanol blended into the nation's fuel supply while reducing vehicle emissions. This legislation does this by establishing a minimum octane standard for gasoline and requiring new high-octane fuel to use low-carbon sources, further reducing greenhouse gas emissions (GHGs) from liquid fuels.