THUNE FARM BILL 2018

Senator John Thune's Phase VI Farm Bill Rollout

S. 1913 American Prairie Conservation Act

Background Information

Conversion of native sod to cropland has been occurring since settlers first inhabited U.S. prairies to carve a living out of the land. For decades the native sod with the best potential for growing annual crops was converted to cropland, with remaining acres used for rangeland or hay and forage crop production.

Cyclical higher than average commodity crop prices have spurred the native sod conversion rate, and most recently crop insurance rules which allowed newly converted native sod to be insured at the same rate and same indemnity potential as other land in a crop insurance unit that had been cropped for years have greatly encouraged native sod conversion to cropland.

Both native sod and land that has not been cropped for so long that a producer cannot prove that it has ever been cropped have limited production potential for the first few years after being converted to cropland – this is especially noticeable in drier than normal years.

Sodsaver Legislative Background

2008 Farm Bill

Sen. Thune's initial sodsaver legislation was included in the 2008 Farm Bill; however, the Farm Bill Conference Committee pared the original version down to apply only the specific Prairie Pothole Region, which divides several states, and it required a state's governor to enact sodsaver in a state. No governors implemented sodsaver after the 2008 Farm Bill.

2014 Farm Bill

Sodsaver provisions were expanded in the 2014 Farm Bill to include the states of South Dakota, North Dakota, Minnesota, Iowa, Montana and Nebraska. However, the U.S. Department of Agriculture's (USDA) Risk Management Agency (RMA) interpreted the sodsaver language such that it considered the planting of a noninsured crop for four consecutive years on native sod newly converted to cropland as meeting the four year requirement that crop insurance assistance be reduced for years after the native sod conversion.

The American Prairie Conservation Act would:

- Limit crop insurance coverage to 65 percent of the applicable T-Yield until the acreage has four cumulative years of crop insurance reduced assistance.

- Limit the premium subsidy to 50 percentage points less than the premium subsidy that would otherwise be available, until the acreage has four cumulative years of crop reduced assistance.

- Make the converted native sod acreage ineligible for yield substitution.

- Apply sodsaver's prohibition to substitute crop insurance yields on native sod converted to cropland nationwide;

- By requiring crop insurance premium subsidies and yield guarantees to be reduced for a total of four *cumulative* years for any crop, closes an existing loophole that allows certain noninsured crops to be planted four consecutive years with no reduction in crop insurance assistance for succeeding insured crops;

- Make crop insurance assistance more reflective of production capabilities on all native sod converted to cropland nationwide;

- Require producers who convert native sod to cropland to certify to the Farm Service Agency the number and location of acres of native sod converted in an existing automated crop certification system so the converted acres would be accurately tracked;

- Apply to both crop insurance and the Noninsured Crop Disaster Assistance Program.

Sodsaver provisions close crop insurance loopholes that should be closed nationwide, not just in six states. According to the Congressional Budget Office sodsaver would save $52 million, which could be used to fund other farm bill programs.

Current Crop Insurance Statute – post 2014 Farm Bill

U.S. Code › Title 7 › Chapter 36 › Subchapter I › § 1508

(o)CROP PRODUCTION ON NATIVE SOD

(1) DEFINITION OF NATIVE SOD In this subsection, the term "native sod" means land—

(A) on which the plant cover is composed principally of native grasses, grasslike plants, forbs, or shrubs suitable for grazing and browsing; and
(B) that has never been tilled, or the producer cannot substantiate that the ground has ever been tilled, for the production of an annual crop as of the date of enactment of this subsection.

(2) REDUCTION IN BENEFITS

(A) In general
During the first 4 crop years of planting, as determined by the Secretary, native sod acreage that has been tilled for the production of an annual crop after February 7, 2014, shall be subject to a reduction in benefits under this subchapter as described in this paragraph.
(B) De minimis acreage exemption
The Secretary shall exempt areas of 5 acres or less from subparagraph (A).
(C) Administration
(i) Reduction For purposes of the reduction in benefits for the acreage described in subparagraph (A)—
(I) the crop insurance guarantee shall be determined by using a yield equal to 65 percent of the transitional yield of the producer; and
(II) the crop insurance premium subsidy provided for the producer under this subchapter, except for coverage authorized pursuant to subsection (b)(1), shall be 50 percentage points less than the premium subsidy that would otherwise apply.
(ii) Yield substitution
During the period native sod acreage is covered by this subsection, a producer may not substitute yields for the native sod.
(3) APPLICATION
This subsection shall only apply to native sod acreage in the States of Minnesota, Iowa, North Dakota, South Dakota, Montana, and Nebraska.