

Background Information on Sen. John Thune's Phase II Farm Bill Rollout Conservation Title Improvements

Conservation Reserve Program (CRP) Acreage Cap

Increase CRP acreage cap to 30 million acres after expiration of the 2014 farm bill

The 2014 farm bill dropped the CRP acreage cap to its current level of 24 million acres. When the 2014 farm bill was drafted, commodity prices were at or near record levels, which considerably reduced interest in CRP. However, commodity prices have dropped to below or near production costs for most commodity crops, and they are projected to increase only marginally at the most in 2018-2022, which is when the next farm bill is in effect.

Due to current low commodity prices, Thune has been urged by producers and agricultural and conservation interests to support an increase in the CRP acreage cap from its current level of 24 million acres.

Using available data from USDA, a ten-year CRP enrollment average (2007-2016) nationwide is 29,740,113.0 acres.

Thune believes rounding this number up to 30 million acres establishes a reasonable and defensible CRP acreage cap for the duration of the next farm bill. These ten years represent periods of both high and low commodity prices and various annual diverse weather patterns.

CRP State Target Acreage Enrollment

The most recent CRP general sign-up resulted in a shift of more than half of the acres enrolled in that sign-up that were enrolled in only four states. Because CRP is a valuable economic option for many producers, Thune believes historical CRP enrollment data should be used by USDA to target CRP acres under the next farm bill.

Thune's CRP State Target Acreage Proposal:

- A state's target CRP acreage for the next farm bill shall be determined by dividing the 10-year CRP enrollment average (2007-2016) of all acres enrolled in CRP for a state by the 10-year national CRP acreage enrollment (carried out 8 decimal places). That factor shall be multiplied times the CRP enrollment cap for the next farm bill (30 million acres).

Example:

- South Dakota's 10-year CRP enrollment (2007-2016) was 1,130,238.3 acres. If that figure is divided by the national 10-year enrollment average (29,740,113.9 acres), it equals a factor of 0.03800383. If the 2018 farm bill CRP acreage cap is 30 million acres, $.03800383 \times 30,000,000 = 1,140,115$ target CRP acres for South Dakota in the 2018 farm bill.

The secretary of agriculture shall implement CRP in such a manner to reach and maintain each state's target CRP acreage during the duration of the 2018 farm bill.

Grazing Provisions Allowed on Land Enrolled in CRP

Wildlife habitat potential on land enrolled in CRP can be enhanced by light grazing, even during the primary nesting season. Thune believes allowing light grazing on land enrolled in CRP would benefit wildlife, provide a savings due to the 25 percent reduction in the CRP rental payment on enrolled acres that are grazed, and provide a new option for grazing livestock producers that would allow them to lightly graze CRP-enrolled land each year. Normal grazing periods and stocking rates are already established under the Livestock Forage Program.

Grazing would be allowed annually on CRP acreage during the grazing period established by the county FSA committee for Livestock Forage Program purposes (2014 farm bill Sec. 1501(c)(3)(D)(i) and at 25 percent of the normal stocking rate established according to that subsection). There shall be no restriction for grazing during the primary nesting period. The CRP rental rate for acres grazed according to this provision shall be reduced by 25 percent.

Haying (Vegetative Cover Removal) Provisions Allowed on Land Enrolled in CRP

Haying one-third of the land enrolled in Wetlands Reserve Program (WRP) contracts every three years on a rotating basis has been a very successful management practice. And, during the 2012 drought CRP contracts on what USDA considers environmentally sensitive land were hayed under emergency provisions without any adverse effects. Thune believes all land enrolled in CRP should be allowed to be hayed at a level of no more than one-third of the acres enrolled in a contract per year on a rotating basis. This provision would provide greater flexibility for the use of land enrolled in CRP, reduce the cost of CRP, and eliminate the implementation of emergency haying and grazing of CRP every year. This vegetative cover removal regime would also effectively control weeds on land enrolled in CRP.

The secretary shall allow the vegetative cover to be mechanically harvested every three years on land enrolled in CRP under all practices – with reduction in CRP rental payment of 25 percent for each acre mechanically harvested each year. There shall be no restriction, except for harvest for seed, on the use of the vegetative cover mechanically harvested.

Removal of Payment Limitation for Public Entities Using CRP to Protect Wellhead Areas

Rural water systems that use wells in agricultural areas often use CRP to protect wellhead areas from contamination due to fertilizers and chemicals. Due to higher CRP rental rates, some rural water systems have exceeded payment limitations, which result in higher water costs for their consumers. Eliminating the payment limitation for a rural water district or association that use land enrolled in CRP to protect wellheads results in potential savings to consumers and safer water.

There shall be no payment limitation for rural water districts or associations using land enrolled in CRP for wellhead protection areas.

Removal of Base Acres and Eliminating Extensions of CRP Contracts with Land Planted to Trees

- The secretary of agriculture shall terminate any base acres on a farm with land enrolled in CRP that is planted to trees, according to the CRP contract management plan, and as a result of the CRP contract, base acres exceeds available cropland.
- The secretary of agriculture shall not allow an extension of a CRP contract for acres of a CRP contract planted to trees, according to the CRP contract management plan.

Conservation Reserve Transition Incentives Program (TIP) Changes

The CRP Transition Incentives Program (TIP) has successfully encouraged transferring land from retiring farmers to beginning, young, and socially disadvantaged producers. Thune believes TIP parameters should be expanded and made more flexible to encourage participation.

This bill includes the following improvements to TIP:

- The secretary of agriculture shall expand the eligibility of the retiring land owner eligible to participate in TIP to also include landowners over the age of 65, which makes any CRP landowner over the age of 65 eligible to participate in TIP, even if that participant is not retiring.
- The secretary of agriculture shall allow CRP enrollees to terminate their CRP contract three years early without penalty in order to enroll in TIP, provided that all TIP eligibility requirements are met.
- The secretary of agriculture shall allow a CRP contract holder who meets retirement or age requirements with a CRP contract that went into effect no later than two years prior to the enactment of the farm bill to be transferred to the qualified successor under TIP (landowner is still eligible for two years of CRP payments and the successor is eligible for the remaining years of the CRP contract).

Modifications for Any Previous and Future Easement Program, Like CRP and the Wetlands Reserve Program

Most easement programs have lifespans of 10 years to perpetuity, which is why Thune believes USDA must allow more flexibility in the management of these programs in order to maximize their effectiveness and to fulfill their intended purposes.

- The secretary of agriculture shall allow land enrolled in any easement program to be modified for water management, general maintenance, vegetative cover control, wildlife habitat management, or any other purpose approved jointly by a state Department of Natural Resources (or equivalent state agency) and the State Technical Committee.
- The secretary of agriculture shall allow land enrolled in any easement program to be mitigated for land of equal or greater conservation and wildlife benefit.
- Easement modifications may be considered to facilitate the practical administration and management of the easement area, providing the modification will not adversely affect the functions and values for which the easement was established.
- Because modifications to an easement could impact the total acres that are enrolled in the program, all modifications to an existing easement must result in no net loss of acreage enrolled in the program. The exchange acres must also meet eligible land criteria for the applicable easement.
- The easement mitigation must result in equal or greater ecological and economic values compared to the acreage that is mitigated.
- The party requesting the modification is responsible for 100 percent of the cost involved in completing the land transfer, including:
 - Appraisal to determine the economic benefit of the new acres is equal to or greater than that of the acres lost.
 - Repayment of original acreage restoration work being taken out of the easement.
 - As applicable, survey of property boundaries, including the review and approval by applicable agency.
 - Acreage exchange is duly prepared and recorded in conformity with standard real estate practices, including requirements for Office of the General Counsel title approval, subordination of liens, and amended warranty easement deed recordation.
 - As applicable, all recording and legal fees.