THE REPUBLICAN STUDY COMMITTEE

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Legislative Bulletin……………………………………………………………October 12, 2013

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H.Res. 378 – Expressing the Sense of the House of Representatives Regarding Certain Provisions of the Senate Amendment to H.R. 2642 Relating to the Secretary of Agriculture's Administration of Tariff-Rate Quotas for Raw and Refined Sugar (Rep. Pitts, R-PA)

Order of Business: The resolution is scheduled to be considered on Saturday, October 12, subject to a rule, H.Res. 380. The rule considers the resolution as read and provides for one hour of debate equally divided and controlled by Rep. Pitts and an opponent.

Summary: The resolution states that it is the sense of the House that the Conference should "advance provision to repeal the Administration of Tariff Rate Quotas language" that was added by the Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill).

Repealing this language would have the effect of allowing the Secretary to adjust the tariff rate quota for sugar during the year. The Secretary had this authority prior to the 2008 Farm Bill, and since has been unable adjust additional sugar imports during the year.

Proponents of this MTI argue that the 2008 language resulted in an imbalanced marketplace in which artificially high sugar prices encourage increased production that surpasses now demand. This has led to sugar loan forfeitures and costs for the taxpayer. This year, the USDA sugar program has cost $141.3 million, this amount is derived from the USDA buying sugar off the market for the first time since 2000. More information can be found here.

Opponents of the MTI will argue that because of NAFTA, Mexico is allowed to export any amount of sugar to the U.S. market. Opponents will also note that this is the first time USDA has had to purchase sugar since 2000, as a result of U.S. sugar prices dropping more than 57 percent due to a flood of imported sugar subsidized by the Mexican government after the USDA adjusted foreign access to U.S. markets.

Background on USDA's Sugar Program: The underlying legislation (H.R. 2642) extends the current sugar program through crop year 2018. According to the USDA "the U.S. sugar program uses price supports, domestic marketing allotments, and tariff-rate quotas (TRQs)" to set the amount of sugar available to the U.S. market.

The program also sets the minimum price of sugar and limits the amount of sugar that can be sold each year by domestic processors. Last fiscal year, Americans paid approximately 49.26 cents per pound of refined sugar, while the world price, comprised of countries that are net exporters which often subsidize their producers, was approximately 27.75 cents per pound. A brief summary of the USDA sugar program is below. For much more information, please refer to this recent CRS report.

Non-recourse loans: The USDA sugar program makes loans to sugar producers and purchases sugar when the price dips below a certain threshold. These nonrecourse loans provide financing until a sugar cane mill or beet sugar refiner sells the sugar. The loans are considered to be "non-recourse" because the processor can choose to forfeit sugar offered as collateral, if the market price is below the effective support level at the time the loan is due. The effective support level for raw cane sugar is 20.94¢/lb. The effective support level for refined beet sugar ranges from 24.0¢ to 26.2¢/lb., depending on the region.

Marketing allotments: These allotments set the amount of domestically produced sugar that can be sold each year. The USDA annually sets the overall allotment quantity (OAQ) at a minimum of 85 percent of estimated domestic human consumption of sugar for food. From FY2009-2012, domestic sugar production supplied nearly 73 percent of total domestic sugar for food use. This is because demand has increased but adverse weather conditions have decreased domestic output.

Tariff-rate quotas: From FY2009-2012, the U.S. imported approximately 28 percent of all sugar that was used for food and beverage consumption. A provision within the 2008 Farm Bill directed the USDA to manage supply so that market prices do not fall below effective threshold levels. Commitments with the World Trade Organization (WTO) require that the U.S. allow at least 1.256 million tons of imported sugar into the market annually. However, as a result of the North American Free Trade Agreement (NAFTA), Mexico is allowed to export any amount of sugar to the U.S. market. USDA sets the WTO quota for sugar at the minimum level annually. USDA will adjust the quota by April 1 in any year if there is a sugar shortage.

The USDA also operates the Feedstock Flexibility Program in conjunction with the sugar program. This program requires the USDA to establish and administer a program which subsidizes the use of sugar for ethanol production through federal purchases of surplus sugar for resale to ethanol producers. The USDA would only implement FFP in years when these subsidies are necessary to ensure that the sugar program does not operate at a cost to the federal government. Because the U.S. is normally a net importer of sugar, consuming the sugar domestic processers produce, the program is currently on standby until the CCC acquires an inventory of sugar, but funding authority was extended through FY2013 by ATRA.

Farm Bill and Nutrition Bill Background: The House of Representatives considered a Farm Bill, H.R. 1947, and it failed on June 20, 2013.[1] This version contained both farm and nutrition titles.

After H.R. 1947 failed to pass the House, the House considered H.R. 2642, which was a farm-only Farm Bill and did not contain a nutrition title.[2] Then the House considered H.R. 3102, which was the nutrition-only portion of the Farm Bill.[3]

The Senate amended H.R. 2642 on July 18, 2013, and inserted their version of the Farm Bill that passed the Senate, and this was sent back to the House. The language of H.R. 2642 now includes the Senate passed language of S. 954, which contains both farm and nutrition titles.[4]

On September 28, 2013, the House approved H.Res. 361, which among other things, acted as a known as a substitute amendment for H.R. 2642.[5] The rule struck the Senate language of H.R. 2642 and added the earlier House passed language of H.R. 2642 back to the bill. The rule also added the language of H.R. 3102 to H.R. 2642 as Title IV.

The purpose of combining the House passed farm and nutrition language was so that the House and Senate may go to Conference on all of the titles. Conservatives will want to pay close attention to how these titles are changed in the Conference. Currently, the farm commodity title is made permanent law by H.R. 2642 and the other titles are authorized for 5-years. The nutrition title is only authorized for 3-years, thereby separating the two farm and nutrition titles if enacted.

Committee Action: H.Res. 378 was introduced on October 11, 2013.

Administration Position: No Statement of Administration Policy is available.

Cost to Taxpayers: A statement from CBO is unavailable.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: House Rules do not require a statement of constitutional authority for resolutions.

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[1] H.R. 1947 failed the House on June 20, 2013, by a roll call vote of 195-234. The RSC Legislative Bulletin can be found here.
[2] H.R. 2642 passed the House on July 11, 2013, by a roll call vote of 216-208. The RSC Legislative Bulletin can be found here.
[3] H.R. 3102 passed the House on September 19, 2013, by a roll call vote of 217-210. The RSC Legislative Bulletin can be found here.
[4] S. 954 passed the Senate on June 10, 2013, by a roll call vote of 66-27.
[5] H.Res. 361 passed the House on September 28, 2013, by a roll call vote of 226-191.

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H.Res. 379 – Expressing the sense of the House of Representatives Regarding Certain Provisions of the Senate Amendment to H.R. 2642 Relating to Crop Insurance (Ryan, R-WI)

Order of Business: The resolution is scheduled to be considered on Saturday, October 12, subject to a rule, H.Res. 380. The rule considers the resolution as read and provides for one hour of debate equally divided and controlled by Rep. Ryan (R-WI) and an opponent.

Summary: The resolution states that it is the sense of the House that the Conference should:

- Agree to provisions that limit premium subsidies to farmers with an adjusted gross income (AGI) over $750,000;
- Agree to provisions that require the Secretary study crop insurance the impacts of an adjusted gross income limitation; and
- Not agree to provisions related to a delayed effective date.

Crop Insurance Background: CBO's May 2013 baseline for current law Farm Bill programs and provisions estimates the outlays of the crop insurance title would be $84,105,000,000 over the fiscal year 2014-2023 period. CBO estimates the underlying legislation would result in an increase of outlays of approximately $8,914,000,000 over the same period, bringing estimated outlays of this title to $93,019,000,000 over the fiscal year 2014-2023 period.

This resolution directs the Conference to agree to provisions that place a limit to crop insurance premium subsidies to farmers with an AGI of over $750,000. A similar provision was included in S. 954, the Senate's Farm Bill. Specifically, their provision prohibited farmers from receiving a premium subsidy if their AGI over the last 3 taxable years was over $750,000.

Farm Bill and Nutrition Bill Background: The House of Representatives considered a Farm Bill, H.R. 1947, and it failed on June 20, 2013.[6] This version contained both farm and nutrition titles.

After H.R. 1947 failed to pass the House, the House considered H.R. 2642, which was a farm-only Farm Bill and did not contain a nutrition title.[7] Then the House considered H.R. 3102, which was the nutrition-only portion of the Farm Bill.[8]

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[6] H.R. 1947 failed the House on June 20, 2013, by a roll call vote of 195-234. The RSC Legislative Bulletin can be found here.

[7] H.R. 2642 passed the House on July 11, 2013, by a roll call vote of 216-208. The RSC Legislative Bulletin can be found here.

[8] H.R. 3102 passed the House on September 19, 2013, by a roll call vote of 217-210. The RSC Legislative Bulletin can be found here.

The Senate amended H.R. 2642 on July 18, 2013, and inserted their version of the Farm Bill that passed the Senate, and this was sent back to the House. The language of H.R. 2642 now includes the Senate passed language of S. 954, which contains both farm and nutrition titles.[9]

On September 28, 2013, the House approved H.Res. 361, which among other things, acted as a known as a substitute amendment for H.R. 2642.[10] The rule struck the Senate language of H.R. 2642 and added the earlier House passed language of H.R. 2642 back to the bill. The rule also added the language of H.R. 3102 to H.R. 2642 as Title IV.

The purpose of combining the House passed farm and nutrition language was so that the House and Senate may go to Conference on all of the titles. Conservatives will want to pay close attention to how these titles are changed in the Conference. Currently, the farm commodity title is made permanent law by H.R. 2642 and the other titles are authorized for 5-years. The nutrition title is only authorized for 3-years, thereby separating the two farm and nutrition titles if enacted.

Committee Action: H.Res. 379 was introduced on October 11, 2013.

Administration Position: No Statement of Administration Policy is available.

Cost to Taxpayers: A statement from CBO is unavailable.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Does the Bill Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?: No.

Constitutional Authority: House Rules do not require a statement of constitutional authority for resolutions.

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H.J. Res. 80 – American Indian and Alaska Native, Health, Education, and Safety Act (Rep. Simpson, R-ID)

Summary: This bill take up issues related to the government "shutdown". To see an RSC timeline of the legislation related to the government "shutdown," go here.

This bill provides funding for:

[9] S. 954 passed the Senate on June 10, 2013, by a roll call vote of 66-27.
[10] H.Res. 361 passed the House on September 28, 2013, by a roll call vote of 226-191.

(A) The Bureau of Indian Affairs, which is currently operating with 1,585 of 4,113 employees, according to the BIA shutdown contingency plan (text here);
(B) The Bureau of Indian Education, which has furloughed 180 employees and has retained 3,635 employees, according to the BIE shutdown contingency plan (text here);
(C) The Indian Health Service, which is currently providing direct clinical health care services and has exempted 6,924 staff. HHS estimates that this will not reduce the number of inpatient/outpatient visits during a government slowdown. For full text of the HHS/IHS shutdown plan, click here.

Funds are appropriated at the Fiscal Year 2013 post-sequester level through December 15, 2013, or the passage of a superseding appropriations act, whichever comes first. CBO estimates that the annualized cost of this bill is $6.7 billion in budget authority.

Does the Bill Expand the Size and Scope of the Federal Government?: No.

Does the Bill Delegate Any Legislative Authority to the Executive Branch?: No.

Administration Position: The President's Statement of Administration Position (SAP) announced that he would veto the bill. The SAP can be viewed here.

Outside Organizations: At press time, no statements from outside groups were available, though Conservative Movement groups have been supportive of the "mini-CR" strategy thus far.

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NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*