

Memo: “HEROES Act Ag Provisions”

H.R. 6433: Helping Emergency Responders Overcome Emergency Situations (HEROES) Act of 2020

May 12, 2020

Livestock

- Creates a livestock dealer trust to ensure that producers are paid for their animals. Dealers with less than \$100K in annual purchases are exempt. Enforcement allows for the appointment of an independent trustee, for the Secretary to become the trustee or for the Secretary to file suit in a US district court against those in violation.
- Provides payments to producers who are forced to depopulate market-ready livestock or poultry herds.
 - Pays 85% of the loss for the first 30 days, beginning March 1.
 - Pays 10 percent less each 30 days thereafter.
 - Disallows payment for packer-owned animals.
- Provides \$300 million for animal disease surveillance, tracking and prevention.

Dairy

- Establishes \$500,000,000 for a direct dairy donation program to prevent dumped milk and facilitate rapid donations of displaced dairy products directly to feeding programs.
 - Donation plans should be submitted that describes the process that will be used for the donation, processing, transportation, temporary storage, and distribution.
 - It's written as discretionary but donated products may be reimbursed above at what they would be received at Class 1 prices.
 - Those public or private non-profits that receive donations may not sell products into commercial markets, violation of this would prohibit those from any future participation in the program.
 - AMS will publish periodic reports containing donation activity.
 - An additional supplemental reimbursement for approved plans with the sum of the Class IV milk price for the applicable month, plus 5 percent of the Class I price for the applicable month, multiplied by the volume of eligible milk under such approved donation plan.
- Provides DMC payments to small and mid-sized dairies have increased in size over the last seven years.
 - DMC coverage will not be provided to dairy operations that exceeds 5 million pounds. It updated production history for DMC as coverage will be based on the difference between 2019 actual production and DMC production history.

- The Secretary may not re-open or provide a special enrollment for DMC.
 - This payment is retroactive to Jan 2020 and can last until Dec. 31, 2023
- Gives \$500,000,000 for USDA to provide recourse loan programs for commercial processors, packagers, merchants, marketers, wholesalers, and distributors of dairy products either in commodity or finished product form inventory with the valuations provided by the Secretary.
 - The Secretary determines the time period of the loan and inventory may be used as the collateral with pledged products rotated on a basis to prevent spoilage.
- Gives an incentive to sign up for DMC by reducing the cost of DMC premiums for operations that commit to participating in the program for 2021-2023 with USDA providing a 15% discount for annual premium costs.

Specialty Crops and Other Commodities

- \$100 million for specialty crop grants
- \$50 million for local farmers and farmers markets
- \$28 million to states for use for farm stress networks, with a maximum of \$500 million per state and extensive reporting requirements
- A renewable fuel program that pays any domestic renewable fuel facility
 - \$0.45 times the number of gallons produced each month January 1 through May 1. If no gallons were produced, then the payment is made on 50% of the production from the corresponding month in 2019.
- A textiles program that pays 6 cents per pound times 10 for the average monthly domestic consumption of cotton for a mill. It covers the ten months beginning March 1.
- \$16.5 billion in ad hoc assistance for specialty crops, livestock and other commodities.
 - It pays 85% of losses for Q2 for any commodity already covered by CFAP.
 - It pays 85% of losses for Q1 and Q2 for any commodity not already covered by CFAP.
 - It allows different prices for different types of production (such as organic), using RMA prices.
 - Farm bill AGI limits apply, unless 75% of producer income is from agriculture.

CCC

- Expands CCC authority to include assistance for the removal and disposal of livestock and poultry in an emergency and aid to processing plants “to ensure supply chain continuity” in an emergency.
- Requires USDA to notify Ag Committee 90 days before any CCC obligation or expenditure of the commodities impacted, the financial benefit, the nature of the payment, the entities they expect to receive payments, the intended policy goals, the legal justification and the expected market impact.
 - This requirement is eliminated IF the Secretary gets sign-off from 3 of the 4 Ag Committee principals.
 - This requirement does not apply to farm bill expenditures from CCC.

- Gives the Comptroller General of the US oversight of CC funds and requires a report to Ag Committee 90 days after an obligation or expenditure is made.
 - This includes a provision that provides the Comptroller with complete access to information around these payments, entities receiving payments and subcontractors

Conservation

- Creates a new program called the Emergency Soil, Health and Income Protection Pilot Program
 - Designed to conserve soil, water and wildlife
 - Signup deadline of December 31, 2021
 - Supports that planting of a cover crop that is not harvested, but does allow for haying and grazing outside the nesting period
 - Pays a rental rate of \$70/acre if no haying and grazing; pays \$52.50/acre if seeded
 - Pays an additional \$30/acre maximum in the initial year for the initial establishment of the cover crop
 - Is a 3 year commitment
 - 5 million acre cap

Nutrition

- Increases SNAP benefit by 15%, and that includes Puerto Rico's and American Samoa's block grants
- Increases the minimum benefit amount to \$30
- Additional \$10 billion to accommodate expansion of SNAP
- Additional \$1.1 billion for WIC
- Restrictions on moving forward with rulemaking or enforcement on SNAP (cat.el, ABAWD)
- \$150 million for the Emergency Food Assistance Program
- \$3 billion for child nutrition programs
- \$25 million for Farm to Food Bank
- Excludes the stimulus checks from countable income for SNAP
- Allows hot food purchases with SNAP, but limited to retail food stores authorized to accept and redeem SNAP as of the date of enactment of the Act
- Flexibility on SNAP nutrition education to allow funding to be used for individuals distributing food in non-congregate settings

Other

- \$25 million for a state-administered “enhanced project” to redirect “priority agricultural products” (dairy, meat, poultry, or specialty crop) to pay for harvesting, processing, packaging, or transportation costs of agricultural products not suitable for retail or grocery sale for emergency feeding organizations.