

# FARM SAFETY NET PROVISIONS AND ENHANCEMENTS IN RECONCILIATION (ONE, BIG, BEAUTIFUL BILL)

The following summarizes some of the key agricultural provisions included in the One Big Beautiful Bill Act, PL 119-21. This reconciliation package includes a strengthened farm safety-net, expanded access to risk management for producers, and increased investment in trade promotion, conservation initiatives, agricultural research, and more.

The basic structure of the safety net is maintained - yearly choices by crop and farm between ARC-CO/ARC-IC and PLC with certain insurance exclusions.

Reference prices for PLC and revenue benchmarks for ARC are enhanced along with crop insurance premium support and other provisions are detailed below.

## REFERENCE PRICES TO REFLECT INCREASED PRODUCTION COSTS STARTING WITH 2025 CROP YEAR

- Statutory reference prices increase by 10-20% for all covered commodities.
  - Effective reference price formula is now 88% of previous 5-year market price Olympic average and maintains the 115% restriction.
- Beginning in 2031, statutory reference prices will increase annually by a factor of 1.005.
- **Maintains calculation of PLC payments from the higher of the statutory or effective reference price. Statutory reference prices also serve as a floor price in ARC benchmark price calculations.**
- Under OBBBA, producers will receive the higher of ARC or PLC payments for the 2025 crop year.

	Statutory Reference Price under 2018 Farm Bill	Increased Statutory Reference Price under OBBBA	2025 Effective Reference Price under 2018 Farm Bill	Increased 2025 Effective Reference Price under OBBBA
Barley	\$4.95	<b><u>\$5.45</u></b>	\$4.95	\$5.45
Corn	\$3.70	\$4.10	\$4.26	<b><u>\$4.42</u></b>
Dry Peas	\$0.11	<b><u>\$0.13</u></b>	\$0.12	\$0.13
Grain Sorghum	\$3.95	\$4.40	\$4.51	<b><u>\$4.67</u></b>
Lentils	\$0.20	\$0.24	\$0.23	<b><u>\$0.260</u></b>
Oats	\$2.40	\$2.65	\$2.76	<b><u>\$3.05</u></b>
Oilseeds	\$0.202	\$0.238	\$0.222	<b><u>\$0.252</u></b>
Peanuts (per ton)	\$536	<b><u>\$630</u></b>	\$536	\$630
Rice	\$0.140	<b><u>\$0.169</u></b>	\$0.140	\$0.169
Seed Cotton	\$0.367	<b><u>\$0.420</u></b>	\$0.367	\$0.420
Soybeans	\$8.40	\$10.00	\$9.66	<b><u>\$10.71</u></b>
Wheat	\$5.50	<b><u>\$6.35</u></b>	\$5.56	\$6.35
Large Chickpeas	\$0.22	\$0.26	\$0.25	<b><u>\$0.28</u></b>
Small Chickpeas	\$0.19	\$0.23	\$0.22	<b><u>\$0.25</u></b>

\*bolded, underlined values reflect the highest applicable reference price for crop year 2025

	Expected 2025 MYA	2025 ARC Benchmark Price under 2018 Farm Bill	2025 ARC Benchmark Price under OBBBA	Estimated Average Maximum Payment Rate under OBBBA
Barley	\$5.30	\$5.88	\$6.10	\$45.14
Corn	\$4.20	\$5.03	\$5.03	\$96.81
Dry Peas	\$0.13	\$0.14	\$0.15	\$31.70
Grain Sorghum	\$4.00	\$5.30	\$5.30	\$44.37
Lentils	\$0.34	\$0.31	\$0.32	\$45.09
Oats	\$3.10	\$3.76	\$3.84	\$28.36
Peanuts (per ton)	\$458.00	\$536.00	\$640.00	\$146.32
Rice	\$0.13	\$0.149	\$0.169	\$142.72
Seed Cotton	\$0.354	\$0.405	\$0.431	\$106.12
Soybeans	\$10.25	\$12.17	\$12.17	\$69.54
Wheat	\$5.30	\$6.72	\$6.98	\$48.27
Large Chickpeas	\$0.35	\$0.32	\$0.33	\$57.99
Small Chickpeas	\$0.25	\$0.29	\$0.30	\$53.37



## ARC ENHANCEMENTS IN OBBBA

- Increases ARC-CO and ARC-IC guarantee from 86% to 90% of the benchmark revenue.
  - Increases maximum payment band from 10% to 12%.
- Authorizes enhancements for crop years 2025 through 2031 and maintains annual PLC and ARC election.
  - Producers choosing ARC may purchase SCO, which receives enhanced premium support at 80% under OBBBA.
  - Maintains ability for producers to purchase ECO, which received enhanced premium support at 65% beginning in 2025.
- Restriction between PLC/ARC election and STAX remains, however cotton producers who choose PLC may still purchase enhanced SCO or ECO.

County Crop	Example Benchmark Yield	ARC Benchmark Revenue	ARC Guarantee at 90% under OBBBA	Max Payment at 12% under OBBBA
Jackson County, IA - Corn	212.12	\$1,067.01	\$960.31	\$128.04
Richland County, ND - Wheat	59.19	\$397.76	\$357.98	\$47.73

## ENHANCED MARKETING LOANS AND OTHER TITLE I PROVISIONS

- Increases marketing assistance loan rates for loan commodities beginning with the 2026 crop year, and maintains other functions such as LDPs.
- Specifies payment of storage costs and competitiveness provisions for upland and ELS cotton and economic adjustment assistance for textiles.
- Increases loan rates for sugarcane and sugarbeets beginning with the 2025 crop year through the 2031 crop year.
- Provides updates to Dairy Margin Coverage production history timeline and extends provisions through 2031.
- Increases livestock indemnity payments for loss due to predation from 75% of market value to 100% of market value and maintains payment rate for loss due to disease and adverse weather.
- Updates the drought eligibility requirements for the Livestock Forage Disaster Program by reducing the threshold from at least 8 consecutive weeks of D2-level drought to 4 consecutive weeks during the normal grazing period to qualify for one monthly payment or any 7 of the 8 weeks to qualify for two monthly payments.

## BASE ACRE & PAYMENT LIMIT EXPANSIONS TO AID PRODUCERS & REGIONS

- Provides opportunity to establish additional base acres using the 5-year average sum of acreage planted from 2019-2023. (note: non-program rotational field crops such as dry beans, potatoes, or alfalfa, etc. will count as “planted acres” for establishing base for program crops.)
- Increases individual payment limits from \$125,000 to \$155,000, with an inflation factor based on the Consumer Price Index beginning in 2025.
- Treats all pass-through entities, such as S-Corps, LLCs, etc. the same as joint ventures and general partnerships for payment limit purposes.
- Provides an exception to the \$900,000 AGI means test for current disaster programs (for livestock etc.), NAP, and conservation programs if 75% or more of average gross income is derived from farming, ranching, or silviculture activities.

Commodity	Marketing Loan Price under 2018 Farm Bill	Increased Marketing Loan Price under OBBBA
Wheat	\$3.38	\$3.72
Corn	\$2.20	\$2.42
Grain Sorghum	\$2.20	\$2.42
Barley	\$2.50	\$2.57
Oats	\$2.00	\$2.20
Upland Cotton	\$0.49	\$0.55
ELS Cotton	\$0.95	\$1.00
Rice/cwt	\$7.00	\$7.70
Soybeans	\$6.20	\$6.82
Other Oilseed	\$10.09	\$11.10
Dry Peas	\$6.15	\$6.87
Lentils	\$13.00	\$14.30
Large Chickpeas	\$14.00	\$15.40
Small Chickpeas	\$10.00	\$11.00
Peanuts/ton	\$355.00	\$390.00

# CROP INSURANCE IMPROVEMENTS FOR IMPROVED PRODUCER ACCESS TO RISK MANAGEMENT

- Improves producer access to crop insurance through enhanced premium support for Basic and Optional Units.
- Provides area wide coverage up to 90% for individual yield or revenue coverage aggregated across multiple commodities.
- Increases Supplemental Coverage Option (SCO) premium support from 65% to 80%.
- Enhances coverage level availability for Whole Farm Revenue Protection and similar Crop and Livestock Income Protection to 90%.
- Extends Beginning Farmer and Rancher benefits from 5 years to 10 years, with enhanced premium support starting at 15% in the first year and gradually decreasing annually to reach 10% by year five, remaining at 10% through year ten.
- Provides a 6% reimbursement to Approved Insurance Providers (AIPs) in states which have a loss ratio greater than 120%.
- Indexes Administrative and Operating expenses (A&O) for inflation consistent with A&O inflation adjustment for 2011-2015 and provides equitable relief for specialty crops with minimum reimbursement of 17%.
- Invests \$10 million annually in program integrity and compliance beginning in 2026.
- Establishes a Poultry Insurance Pilot Program for poultry growers to receive index-based insurance against extreme weather events resulting in increased utility costs. This pilot is available beginning in 2027.

RP/YP	BU/OU	Coverage Level	50	55	60	65	70	75	80	85
		Pre-OBBBA Premium Support	0.67	0.64	0.64	0.59	0.59	0.55	0.48	0.38
		Premium Support under OBBBA	0.67	<u>0.69</u>	<u>0.69</u>	<u>0.64</u>	<u>0.64</u>	<u>0.60</u>	<u>0.51</u>	<u>0.41</u>
	EU	Coverage Level	50	55	60	65	70	75	80	85
		Premium Support	0.80	0.80	0.80	0.80	0.80	0.77*	0.68*	0.53*

\*Subsequent increase for EU is anticipated, subject to limit of 80%

## KEY INVESTMENTS IN TRADE, RESEARCH, AND RURAL DEVELOPMENT

- Enhances investments in agricultural trade programs by creating an additional supplemental agricultural trade program authorized at \$285 million beginning in 2027. This will function alongside existing programs such as MAP and FMD.
- Provides \$37 million for the Foundation for Food and Agriculture Research.
- Increases funding for Agriculture Research Facilities to \$125 million beginning in 2026.
- Increases funding for the Specialty Crop Research Initiative from \$80 million to \$175 million.

## KEY TAX PROVISIONS

- Permanently extends TCJA provisions including:
  - Increases Estate Tax exemption to \$15 million (\$30 million for joint) and indexes to inflation
  - Increases Section 179A expensing limits on business interest deductions
  - Section 199A pass-through at 20% with the addition of 199A(g) for co-ops
  - Extends 100% bonus depreciation, full research and experimental R&D expense amortization
- Extends 45Z credit through 2029 and excludes ILUC in Carbon Intensity calculations
- Permanently extends lowered marginal rates

## INVESTMENTS IN WORKING LAND CONSERVATION PROGRAMS

- Increases funding for the Agricultural Conservation Easement Program from \$450 million to \$625 million in 2026, rising to \$700 million in 2031.
- Increases funding for the Environmental Quality Incentives Program from \$2.025 billion to \$2.65 billion in 2026, rising to \$3.25 billion in 2031.
- Provides \$1.3 billion for the Conservation Stewardship Program in 2026, rising to \$1.37 billion in 2031 - a 29% increase to the baseline.
- Increases funding for the Rural Conservation Partnership Program from \$300 million to \$425 million in 2026 and \$450 million in 2027 through 2031.
- Provides increased funding to carry out the Grassroots Source Water Protection Program and the Voluntary Public Access and Habitat Incentive Program.

