

Agriculture Improvement Act of 2018 – Implications to U.S. Peanut Farmers

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The 2018 Farm Bill entitled, “Agriculture Improvement Act of 2018,” was signed into law by the President on December 20, 2018. For peanut farmers, the Farm Bill starts with the 2019 peanut crop. Many features of the Farm Bill were a continuation of the 2014 Farm Bill. However, there were some changes that could impact U.S. peanut farmers. One key change dealt with base acres. If a farm’s entire cropland was planted to grass or pasture as well as the cropland that was idle or fallow during the time period of January 1, 2009 to December 31, 2017, the bases and payment yields for that farm would be maintained. However, no ARC/PLC payments can be made to those bases for the 2019 through 2023 crop years. Farms that have the ARC/PLC payments suspended will have the opportunity to participate in a 5-year grassland incentive contract under the Conservation Stewardship Program at a rate of \$18 per base acre. This feature has implication on U.S. peanut farmers that may have had some of their bases assigned to such farms. A second key feature allowed landowners the opportunity to update the payment yield on a covered commodity by covered commodity basis for each of their farms. The new payment yield will be 90% of the average yield per planted acre for the crop years of 2013-2017 multiplied by the yield update factor for that covered commodity. The yield update factor for peanuts is 0.9273. In contrast to the 2014 Farm Bill, the 2018 Farm Bill allows producers to choose between ARC and PLC on a crop by crop and farm by farm basis for the 2019 and 2020 crop years together. For crop years 2021 through 2023, producers will have flexibility to make annual decisions between ARC and PLC on a crop by crop and farm by farm basis. Finally, an effective reference price to be used in the PLC calculation was introduced. All other features of the 2018 Farm Bill dealing with peanuts followed the features in the 2014 Farm Bill.