



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

May 10, 2007  
(House)

**STATEMENT OF ADMINISTRATION POLICY**  
**H.R. 2207 – Agricultural Disaster Assistance and Western States Emergency Unfinished**  
**Business Appropriations Act, 2007**  
(Sponsor: Obey (D), Wisconsin)

The Administration strongly supports efforts to increase opportunities for America's farmers, ranchers, and rural communities. However, H.R. 2207 would allow for almost \$7 billion in unrequested spending that is unjustified and not appropriate for an emergency spending bill. In fact, this bill contains the same objectionable provisions included in the emergency war supplemental just vetoed by the President. Consequently, the Administration strongly opposes passage of H.R. 2207. Furthermore, the bill circumvents the new House "pay-as-you-go" rule, bypasses the House Budget Resolution's requirement for deficit-neutral direct spending, and stretches the definition of "emergency." Due to the excessive non-emergency spending it contains, if this legislation were presented to the President, he would veto the bill.

Agriculture Assistance

The House bill provides an estimated \$3.5 billion in agriculture assistance, much of which is uncapped, some of which is not tied to a loss, and none of which is offset from other Agriculture spending. The farm economy is strong. Both crop and livestock receipts are forecast to be record-high in 2007, and their combined total is forecast to be up \$16 billion over last year. Further, crop and livestock receipts for 2005 and 2006, crop years also eligible for assistance, were the third and fourth highest in history. The 2002 Farm Bill, when coupled with federally-subsidized crop insurance, already provides a generous safety net that was designed to eliminate the need for *ad hoc* disaster assistance. Consequently, the proposed assistance is unnecessary and unwarranted.

Milk Income Loss Contracts

The Administration strongly opposes the provision included in the bill that would extend the Milk Income Loss Contract program. While portrayed as a \$31 million one-month extension of the program, the provision is designed to add \$2.4 billion to the cost of farm programs over the next 10 years, by incorporating these additional costs into the budget baseline. This is a blatant attempt to circumvent the new House "pay-as-you-go" rule, by authorizing mandatory spending in an appropriations bill, as well as the House Budget Resolution's requirement for deficit neutral legislation for reauthorizing farm programs by adding \$2.4 billion to the baseline in advance of the resolution and labeling it as emergency funding. In addition, this funding does not meet any reasonable definition of emergency.

## Wildfire Suppression

The Administration opposes as unnecessary the \$500 million for Department of Agriculture and Department of the Interior emergency wildfire suppression activities provided in the bill. For 2007, Congress has appropriated an amount approximately equal to the ten year average funding for both Departments' wildland fire suppression activities and firefighters. In the event of extreme fire conditions, the Administration can use existing transfer authority to meet immediate requirements and work with Congress on finding additional resources for fire suppression should the need arise.

## County Payments

The Administration has proposed a responsible, offset extension of the Secure Rural Schools and Community Self-Determination Act. Congress passed the Act in 2000 to provide a temporary transitional solution to allow local economies to adjust to the reduced timber receipts. The Administration proposed an extension of this transition with a phase-out, while also increasing funding for a more sustainable level of timber harvest. The House bill provides \$425 million in emergency funds for a one-year extension of the Act, without offsets. The Administration has serious concerns with the provisions included in this bill, because the funding is not offset and does not meet any reasonable definition of emergency.

## Fishery Assistance

The bill includes \$60 million in unwarranted funding for direct payments to fishermen and related industries in the Klamath River region of the California and Oregon coastline. These funds are more than twice the economic loss estimated at the time of the Secretary of Commerce's fisheries disaster declaration of August 2006, and far in excess of the \$15 million to \$20 million annual historical value of the commercial catch. These industries and their participants are eligible for disaster loans from the Small Business Administration as a result of the Secretary's declaration, and significant federal funding is already provided annually to the region to promote basin-wide recovery. Commerce expects the commercial salmon fishing season in this region to be close to the historic average level this year.

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