

## **Section-by-Section Subtitle C – Peanuts**

### **SEC. 1301. REAUTHORIZATION OF PEANUT PROGRAMS.**

- Extends the direct payment, counter-cyclical payment, and marketing loan peanut programs contained in the 2002 farm bill.
- Amends the definition of “payment acres” for the 2008 through 2012 crops of peanuts as meaning 74 percent of the base acres assigned to a farm. Under current law, payment acres are 85 percent of base acres.

#### **Direct Payment Program**

- Extends the direct payment program for producers on farms that raised peanuts from the 1998 through 2001 crop years. Under the direct payment program, producers on farms that historically produce peanuts receive annual, fixed payments in an amount that is the product of a farm’s payment acres, the farm’s payment yield, and the direct payment rate, which remains at \$36 per ton.

#### **Counter-cyclical Payment Program**

- Extends counter-cyclical payments for producers on farms that raised peanuts from the 1998 through 2001 crop years. Such producers receive counter-cyclical payments when the effective price of peanuts is less than the target price, which is established statutorily at \$495 per ton. The effective price is calculated by adding the higher of the marketing loan rate or the national average price to the direct payment rate. The difference between the target price and the effective price results in the counter-cyclical payment rate.
- The amount of the counter-cyclical payment is the product of a farm’s payment acres, the farm’s payment yield, and the counter-cyclical payment rate. The counter-cyclical payment is not tied to actual production, and varies year-to-year, based on the market price of peanuts.
- Extends the requirement that historic peanut producers agree to certain conservation, wetland protection, and other protections in order to receive direct and counter-cyclical payments.

#### **Marketing Assistance Loans and Loan Deficiency Payments**

- Extends non-recourse marketing assistance loans and loan deficiency payments for all peanut farmers based on actual peanuts produced in a given crop year.
- Amends the marketing loan rate for peanuts by raising the loan rate to \$375 per ton, from \$355 in the 2002 farm bill.
- Marketing loans and loan deficiency payments will continue to be calculated by comparing the market price against the loan rate for all peanuts produced.

#### **Other Provisions**

- Extends the planting flexibility provision of the 2002 farm bill, under which farmers are permitted to plant any commodity or crop, with limitations, on base acres for peanuts.