



May 23, 2024

NTU Memo to Agriculture Committee Ahead of Farm Bill Markup

To: Members of the House Committee on Agriculture

Re: NTU's Views on May 23, 2024 Committee Markup

Introduction and Key Taxpayer Considerations

On behalf of the National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, we write to express our views on the Farm, Food, and National Security Act of 2024. Unless significant changes as described below are made, NTU urges you to vote "no" on the Farm Bill.

TITLE I, COMMODITIES: The Farm Bill cites persistent inflation and rising production costs as reasons to increase statutory reference prices, expand base acres, and increase commodity loan rates, among other changes.

This is not a valid reason to increase subsidies. The U.S. Department of Agriculture (USDA) projects 2024 net farm income of \$116.1 billion. Net farm equity is projected to reach a [record high](#) in 2024, even after adjusting for inflation.

If the Committee is concerned about rising production costs, it should address federal policies that contribute to increased production costs, including import taxes on fertilizer, steel, aluminum, lumber, and proposed new tariffs on herbicides, instead of proposing to increase federal spending. Removing Section 232 "national security" tariffs on steel and aluminum supplied by U.S. allies would be a good start. Modifying trade remedy laws to require the International Trade Commission and the Department of Commerce to consider the impact of imports on the country as a whole in trade remedy cases, including farmers, manufacturers, and

downstream industries, would provide a safeguard against destructive actions like the recent increase in tariffs on phosphate [fertilizer](#).

TITLE II, CONSERVATION: While we strongly support elimination of the tax and spending provisions in the Inflation Reduction Act, NTU is concerned that transferring unobligated IRA funding into other conservation programs could increase farm bill baseline spending [indefinitely](#).

TITLE III, TRADE: Expanding spending on the Market Access Program and Foreign Market Development Program is a poor alternative to pursuing market-opening trade agreements and reducing the risk of foreign retaliation resulting from trade wars. A [more helpful policy](#) would be to protect farmers by requiring congressional approval of any new tariffs, instead of allowing the executive branch to impose tariffs unilaterally. As the USDA [reported](#), retaliation against U.S. farmers in response to U.S. tariff increases imposed without a vote of Congress reduced agricultural exports by more than \$27 billion from 2018 to the end of 2019.

The bill would require 50 percent of Food for Peace spending to be directed to U.S.-grown commodities and ocean shipping. According to a 2015 [Government Accountability Office](#) study, cargo preference requirements that 50 percent of food aid be transported on U.S. ships increased food aid costs by \$107 million over three years. A more recent [American Enterprise Institute](#) report calculated that cargo preference requirements increase real ocean transportation costs by 68 percent for packaged goods and 101 percent for bulk goods. Requiring that aid funds be spent on U.S. commodities instead of giving recipients the flexibility to use the funds in the most cost-effective manner further [reduces](#) the impact of foreign aid efforts. There is also a risk that providing U.S. commodities instead of financial assistance may [distort](#) local markets and exacerbate food instability. Regardless of how aid programs are designed, a better approach is to improve market access so countries can rely on trade, not aid.

The bill would require the Agriculture Secretary to submit a report on the policies or practices of foreign countries that act as significant barriers to specialty crop exports or those that heighten the competitiveness of imported specialty crops with domestic producers. This provision should be expanded to include significant U.S. barriers to crop imports that increase costs and disrupt the supply of crops used by American consumers and food manufacturers.

TITLE IV, NUTRITION: Other opportunities to reduce the federal budget deficit and/or boost program integrity exist throughout the farm bill, including the nutrition title. Just one of many examples was recently brought to our attention in the form of bipartisan legislation called the Enhanced Cybersecurity for SNAP Act. This bill, sponsored by Sens. Wyden, Fetterman, and

Cassidy in the Senate and Reps. Kim and Lawler in the House, would make long-overdue theft resiliency improvements to SNAP benefit cards – improvements that are currently standard for consumer credit and ATM cards. As the [sponsors explain](#):

To date, tens of millions of dollars in Supplemental Nutrition Assistance Program (SNAP) benefits have been stolen by criminals exploiting lax security of SNAP electronic benefit cards. Congress has spent years pressing the U.S. Department of Agriculture to require states to issue cards with secure chips rather than magnetic strips that can be easily cloned by criminals. Despite those requests, USDA has failed to update security regulations for benefit cards.

The Enhanced Cybersecurity for SNAP Act would require the USDA to issue rules for anti-fraud technologies embedded in SNAP cards, set new standards for secure SNAP and EBT services that states must provide, and make modest investments over five years to ensure that state government SNAP card issuers fully transition to chip-enabled cards. The result, over time, should be able to deliver offsetting savings to taxpayers due to lower fraud losses and benefit replacement costs.

Given the pedigree of this legislation, its inclusion in the farm bill should be noncontroversial. Numerous other proposals to conserve tax dollars can and should be deliberated as well.

One other area of concern NTU has regarding Title IV is the bill's promotion of Buy American principles in school meals programs. Current law [requires](#) School Food Authorities to buy domestic agricultural commodities and food products. This is a misguided anti-taxpayer policy. The bill should instead promote Getting the Best Value principles, including the flexibility of schools to purchase affordable food provided by U.S. trading partners.

TITLE XI, CROP INSURANCE: NTU supports amending Title XI to include the Assisting Family Farmers through Insurance Reform Measures ([AFFIRM](#)) Act. This Act would cap premium subsidies and apply work requirements to subsidy recipients.

Based on these considerations, NTU encourages you to vote “no” on the Farm Bill in its current form.

Farmers play a vital role in the American economy. We hope you will consider NTU's recommendations to improve the Farm Bill to better benefit agricultural producers and the

country as a whole. Should you have any questions about the content of this memo, please do not hesitate to reach out to Bryan Riley at briley@ntu.org.

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