



**CONGRESSIONAL BUDGET OFFICE
PAY-AS-YOU-GO ESTIMATE**

August 7, 2001

H.R. 2213
**An act to respond to the continuing economic crisis adversely affecting
 American agricultural producers**
As cleared by the Congress on August 3, 2001

SUMMARY

H.R. 2213 would direct the Secretary of Agriculture to provide additional financial assistance to agricultural producers by September 30, 2001. CBO estimates that enactment of this legislation would result in new direct spending of \$5.5 billion from the Commodity Credit Corporation in fiscal year 2001.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO's estimate of the impact of H.R. 2213 on direct spending is shown in the following table. The costs of this legislation fall within budget functions 350 and 600 (agriculture and income security).

	By Fiscal Year, in Millions of Dollars										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Changes in outlays	5,500	0	0	0	0	0	0	0	0	0	0
Changes in receipts	Not applicable										

BASIS OF ESTIMATE

The \$5.3 billion in payments authorized by sections 1 through 6 would go directly to producers who were eligible to receive the assistance provided in the Agricultural Risk Protection Act of 2000 and the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001. Under sections 7 and 8,

about \$159 million would be given to the states and Puerto Rico to support specialty crops, and states would receive \$10 million to pay for costs associated with processing, transporting, and distributing commodities under the provisions of the Emergency Food Assistance Program. The act would require that all obligations and expenditures be made prior to September 30, 2001. Any funds not obligated by that date would be rescinded. CBO estimates that all the authorized payments would be made by September 30.

Section 1 would provide \$4.6 billion for payments for market loss assistance to producers of feed grains, wheat, cotton, and rice. Sections 2 through 6 would provide \$424 million to oilseed producers, \$54 million to peanut producers, \$129 million to tobacco producers, \$17 million to wool and mohair producers, and \$85 million to producers and first handlers of cottonseed. Under this act, the Secretary of Agriculture could make tobacco payments to producers in Georgia only if the state of Georgia makes \$13 million in payments to the same eligible producers in the state in a timely manner. For this estimate, CBO assumes that Georgia would make these payments.

Section 9 would make technical corrections to current law regarding indemnity payments for cotton producers in Georgia. CBO estimates these changes would have no cost.

Section 10 would increase the payment limitations for loan deficiency payments (LDPs) and marketing loan gains (MLGs) to \$150,000 per person during the 2001 crop year. LDPs and MLGs allow producers to repay commodity loans at less than the full amount of the loan whenever market prices drop below specified levels for each eligible commodity. The limitation for these payments is currently \$75,000 per person. CBO estimates that the changes to payment limitations on LDPs and MLGs would not result in any additional federal outlays because the Agriculture Department is authorized to issue loan benefits in the form of commodity certificates instead of cash payments. Those certificates do not count against the payment limitations—even though they ultimately result in equivalent cash outlays. Raising the payment limits would therefore permit the department to make some cash payments instead of issuing certificates, but would not affect the benefits received by farmers or the costs to the government.

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