President signs farm bill into law, setting national agriculture policy for next five years

December 20, 2018

President Donald Trump signed the Agriculture Improvement Act of 2018 (H.R. 2) into law on December 20, following months of drawn-out negotiations in the House and Senate.

The legislation, commonly referred to as the "farm bill," must be renewed every five years. The 2018 farm bill modifies and extends some of the major programs for land conservation, food and nutrition assistance, trade promotion, rural development, research, forestry, horticulture, and other programs within the Department of Agriculture (USDA) through fiscal year 2023.

Of note, reforms in the 2018 farm bill include greater emphasis on farmland preservation, public-private conservation partnerships, and drinking water protection than in the last farm bill.

The bill continues the two main commodity programs—Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC)—and requires farmers to make a choice between the programs for the five-year period. Under PLC, producers receive payments when the annual average market price falls below the reference price set in law. Under ARC, producers receive payments when a county's average revenue for a crop falls below the county's historical average revenue.

The 2018 farm bill also allows for an increased acreage cap for the Conservation Reserve Program (CRP)—which pays farmers to take environmentally sensitive land out of agricultural production for years at a time and plant species that will improve environmental health and quality—while reducing rental rates, cost-share, and incentive payments.

The Congressional Budget Office (CBO) estimates that this five-year legislation will increase net direct spending by $3.2 billion over the 2019–2023 period.

Sources: E&E news; GovTrack; Library of Congress.