

# Provisions of the Federal Agriculture Improvement and Reform Act of 1996

## Introduction

Frederick J. Nelson and Lyle P. Schertz\*

The Federal Agriculture Improvement and Reform Act of 1996 (the 1996 Act) was approved by Congress in late March and signed by President Clinton on April 4, 1996 (Public Law 104-127; 7 United States Code 7201 et seq.). The 1996 Act provides a 7-year framework for the Secretary of Agriculture to administer agriculture and food programs from 1996 through 2002.

Historically, major legislation affecting agricultural programs (known as farm bills) has been enacted to mandate how programs would be carried out during a specified period of time. Federal agricultural commodity programs have their earliest origins in laws passed more than 60 years ago. These laws include the Agricultural Adjustment Act of 1933, the Agricultural Adjustment Act of 1935, the Soil Conservation and Domestic Allotment Act of 1936, and the Agricultural Marketing Agreement Act of 1937. In the absence of new legislation authorizing commodity programs whenever current programs expire, program provisions revert to those contained in the so-called permanent provisions first established by the Agricultural Adjustment Act of 1938 and the Agriculture Act of 1949. These two acts, as amended over time, are considered to contain “permanent” provisions, because such provisions have no termination dates. The 1996 Act, as have prior agricultural acts, suspends many of

these basic permanent statutory authorities for a specific period of time. The 1996 Act also repeals two permanent provisions.

A number of significant changes in commodity programs will result from provisions of the 1996 Act, including a complete revision and simplification of direct payment programs for crops, elimination of most supply controls, elimination of milk price supports through direct government purchases of dairy products, and the consolidation of milk marketing orders used to administer a nationwide system of classified pricing for milk. Other provisions of the 1996 Act extend, modify, and establish various priorities, procedures, and options for administering programs related to commodities, nutrition, rural development, conservation, farm credit, agricultural trade, research, and generic commodity promotion.

Some of the dollar amounts referred to in the 1996 Act are authorized funding levels for various programs. Such discretionary programs may not be implemented unless money is subsequently appropriated for them. Some other provisions of the 1996 Act refer to the Commodity Credit Corporation (CCC) as the funding source (commodity payment and loan provisions and conservation reserve payments provisions, for example). For these CCC-funded mandatory programs, specific appropriations by Congress are not required for their implementation.

---

\*The authors are agricultural economists with the Commercial Agriculture Division, Economic Research Service, USDA.

Compared with the last major farm bill—the Food, Agriculture, Conservation, and Trade Act of 1990—the new act covers the same broad range of topics, but contains fewer separate titles (9 instead of 25) and requires half as many printed pages. The reason for the smaller number of titles is that commodity and crop insurance provisions were combined into one title with several subtitles, instead of having one title for each commodity, as before. Not as many extensive changes were made in the 1996 Act as before in some program areas, because other legislation was enacted in 1994-96. This prior legislation included provisions affecting farm credit, crop insurance, poultry labeling, export incentives, perishable commodities, trade agreements, wool and mohair programs, and food stamps (see legislative history in Appendix III). There currently are no program provisions in effect for rye, wool, mohair, or honey. The tobacco support programs are continued by prior legislation and are not affected by the 1996 Act.

The “Secretary” referred to throughout the text of this report is the Secretary of Agriculture. The Federal Agriculture Improvement and Reform Act of 1996 is usually referred to as “the 1996 Act.”

The terms previous legislation, previous provisions, and previous law in this report refer to U.S. agricultural laws and provisions in effect during 1995. These include, among others, provisions of the Agricultural Adjustment Act of 1938 (the 1938 Act), the Commodity Credit Corporation Charter Act of 1948 (the 1948 Act), and the Agricultural Act of 1949 (the 1949 Act), as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (the 1990 Act) and the Omnibus Budget Reconciliation Acts of 1990 and 1993 (OBRA90 and OBRA93).

References to Public Laws (P.L.) contain hyphenated numbers that appear in parentheses, with the first set of digits indicating which Congress passed the bill, and the last set of digits indicating the order in which the bills became laws. References to the United States Code (U.S. Code) also contain numbers that appear in parentheses, with the subject-matter title number followed by “U.S.C.,” followed by a four-digit number indicating the referenced U.S. Code section. The U.S. Code is a consolidation and codification of the general and permanent laws of the United States.