Lower Food and Fuel Costs Act

The package includes the following bills to shore up the food and agriculture supply chain, assure fair competition in the meat and poultry sectors, and lower food and gasoline costs for the American consumer.

Ensuring Robust Competition in the Meat and Poultry Sector

**TITLE I – Meat and Poultry Special Investigator Act (HR 7606 – Spanberger)**

- Establishes an Office of the Special Investigator for Competition Matters in the Agriculture Secretary’s Office.
- The Office of the Special Investigator would be headed by a high-ranking career attorney to enforce the Packers and Stockyards Act (PSA). The Special Investigator would coordinate enforcement with USDA’s Packers and Stockyards Division and Office of the General Counsel.
- The Special Investigator would also serve as a liaison to and consult with the Department of Justice and the Federal Trade Commission regarding competition and trade practices, and coordinate with the Department of Homeland Security on national security and critical infrastructure security in the food and agriculture sector.
- The bill would also allow the USDA Special Investigator to bring civil or administrative action under the PSA instead of waiting on the Justice Department to take action based on USDA findings.
- Strengthening enforcement of the Packers and Stockyards Act will lead to greater competition in meat and poultry processing, fairer access to markets for producers, and more price stability for consumers.

*Why it’s Needed:* Small and independent cattle producers, supply chain resilience, and rural communities have struggled as a result of concentration in the meatpacking industry. Producers have complained for years that lack of competition in processing has limited their options for marketing their cattle and has interfered with their ability to get a fair price. Industry concentration also created a brittleness in the meat and poultry supply chain that did not successfully adapt to large shocks, resulting in market volatility and higher meat and poultry prices for consumers. Strengthening enforcement of existing anti-trust authorities like the Packers and Stockyards Act, which this bill does, is one solution that could restore more fairness and competition in the marketplace.
Lowering Costs at the Grocery Store by Lowering Costs for Farmers

**TITLE II – Additional Nutrient Management Assistance (HR 7764 – Harder)**

- As producers across the country face skyrocketing fertilizer prices, we must help producers reduce their input costs so planting decisions are not impacted.
- With planning and purchases for next spring’s planting season happening in just a few months, we want to ensure that producers have additional assistance as they make decisions for the 2023 crop season this fall.
- The bill would provide additional assistance to specialty and row crop producers who undertake USDA Natural Resources Conservation Service practice standards to use fertilizers more efficiently, do soil testing, or seek out other sources of plant nutrients.

**Why it’s Needed:** As fertilizer prices surge, producers need alternatives. This bill provides producers with the chance to receive reimbursement for their costs in creating and implementing a nutrient management plan through Environmental Quality and Incentives Program (EQIP). This bill has the potential to reduce fertilizer use, lowering costs for farmers while also providing resource benefits including clean water and reduced carbon use.

### Input prices, annualized rate for the past year vs the past month

![Input prices chart](chart.png)

- **Feb22-Jan22 change (annualized)**
- **Feb22-Jan21 Change**

*Source: USDA-NASS prices paid*
**TITLE VI** – Producing Responsible Energy and Conservation Incentives and Solutions for the Environment – PRECISE *(HR 2518 – Hinson)*

- We need to be encouraging precision agriculture to help farmers use fewer resources and use them smarter, with less impact on the environment.
- Expanding access to precision agriculture technology is critical now as we face climate change and fertilizer costs that have doubled or almost tripled.
- An increased EQIP cost-share will make precision agriculture practices more accessible to all producers.
- This bill includes up to a 90% loan guarantee in the Conservation Loan Program for precision agriculture activities and technology.
- The bill explicitly states precision agriculture eligibility in EQIP and the Conservation Stewardship Program.
- The bill allows a producer who receives payments under EQIP to also receive a conservation loan guarantee.
- The bill allows up to a 90 percent cost-share for precision agriculture under EQIP.
- Finally, the bill requires the Secretary of Agriculture to prioritize the use of third-party providers for soil health planning technical assistance.

**Why it’s Needed:** Precision agriculture can help farmers use inputs in a more targeted manner, meaning less use and less waste. This bill provides producers clarity on the utilization and eligibility of precision agriculture through USDA’s EQIP and Conservation Loan Program. Expanding access to precision agriculture has the potential to reduce fertilizer use and lower costs while also providing resource benefits including clean water and reduced carbon use. It is also a priority to help deal with the water shortages facing growers in much of the Western United States.

**Empowering Farmers to Help Provide Fuel Choices and Lower Prices at the Pump**

**TITLE IV – Biofuel Infrastructure and Agriculture Product Market Expansion (HR 1542 – Axne)**

- The biofuels infrastructure provisions would help to deploy additional storage and dispensing equipment to ensure that higher ethanol blends and other biofuels are more readily available across the country.
- Similar portions of H.R. 1542 were included in the House-passed Build Back Better legislation.
- Further use of biofuels will reduce prices at the pump for all Americans and increase the supply of fuel available.
• Biofuels adoption and investment helps reduce our reliance on foreign oil and the supply shocks facing our gasoline supply while also bolstering a revenue stream for farmers across the country.

**Why it’s Needed:** With the Biden administration’s EPA waiving the summer restriction on sales of E-15, demand will increase. This increase will need more infrastructure, and this will encourage and incentivize businesses that may have been reluctant to expand capital for biofuel infrastructure. Furthermore, with Title V of this package making year-round sale of E-15 permanent, it will give businesses certainty that their investments are sound.

**TITLE V – Year-Round Fuel Choice** (*HR 4410 – Craig*)

• Builds on a recent Biden Administration action allowing voluntary year-round sale of gasoline containing 15 percent ethanol, known as E-15 or Unleaded 88.
• Reduces the price at the pump for American drivers by giving consumers the choice to purchase a fuel that is substantially cheaper than standard gasoline.
• Does not mandate the production, sale, or use of E-15/Unleaded 88.

**Why it’s Needed:** The price of gasoline is at an all-time high. Allowing for the voluntary year-round sale of E-15/ Unleaded 88 can have an immediate impact on consumer’s budgets.
Strengthening the Food Supply Chain

**TITLE III** – Agricultural and Food System Supply Chain Resilience and Crisis Response

Task Force *(HR 7675 – Craig)*

- Breakdowns and bottlenecks in the food and agriculture supply chain, resulting from the COVID-19 pandemic, have been well documented and have caused significant losses and concerns to our agricultural constituents. These supply chain challenges are global and complex.
- The bill would create an Agricultural and Food System Supply Chain Resilience and Crisis Response Task Force at USDA, headed by a Special Advisor on Supply Chain Resilience and Crisis Response.
- The Task Force would report to Congress on their findings regarding the strengths and weaknesses of the agriculture and food supply chain including: identifying current and potential future critical bottlenecks in the food and agriculture supply chain, including transportation bottlenecks, workforce challenges and opportunities, and the stability and reliability of the agriculture and food supply system.
- The Task Force will also evaluate Federal, State, and local laws and regulations that increase or decrease the stability of the food and agriculture supply chain.
- Specific recommendations are also expected on long-term strategies, industry best practices, risk mitigation, and legislation and regulatory actions to positively impact the security and resilience of the food system.
- As reported out by the Agriculture Committee, the Task Force will conclude after submitting its report to Congress and the report will hopefully be available in time for the writing of the 2023 Farm Bill.

**Why it’s Needed:** Global supply chain challenges are impacting every industry, and the food and agriculture sector, as a critical industry, deserves special, designated attention. Such complex problems require all of USDA’s equities collaborating to develop solutions. The USDA taskforce would liaise with private sector stakeholders and other Federal government agencies. It would also facilitate congressional oversight and cooperation by requiring the taskforce to report to Congress on evaluate on findings and recommendations. These recommendations are to be delivered within 270 days, in time for the consideration of the next farm bill.
The soaring cost of shipping freight in the U.S. shows no sign of letting up:

- **Ship**:
  - November (YoY change): 25.7%
  - December (YoY change): 28.8%
  - January (YoY change): 20.0%
  - Record

- **Truck**: 17.9 (2011)

- **Air**: 10.1 (Decade high)

- **Rail**: 8.1 (Highest since 9/2011)

Source: Bureau of Labor Statistics

Note: Producer Price Index start data is Dec. 2009
**TITLE VII – Butcher Block Act (HR 4140 – Johnson)**

- A series of shocks to the beef supply chain, combined with a concentrated processing infrastructure, resulted in higher prices for meat at the grocery store and lower prices for producers.
- Increased processing capacity will alleviate some supply chain bottlenecks and provide producers with more options to market their cattle and receive a fair price. The supply chain will be more resilient and competitive long term as a result.
- The bill provides assistance in order to create new and expand current local and regional livestock and meat processing capacity with direct or guaranteed loans.
- The Butcher Block Act also creates a grant program to support governmental entities, public, private, cooperative, or tribal organizations to conduct activities that expand current processing capacity or strengthen the economic viability of new processors.

**Why it’s Needed:** Consecutive events that have disrupted the beef processing chain have highlighted the importance of processing capacity to producers and consumers. According to a recent Rabobank report, an additional daily packing capacity of 5,000 to 6,000 head of fed cattle could restore the historical balance of fed cattle supplies and packing capacity. There are critical roadblocks to new market entrants and those who might want to expand capacity. In addition to industry supply chain connections, labor availability and permitting requirements, industry sources estimate that a new plant cost $100-$120 million for every 1,000 head of daily capacity. While there have been recent announcements of new and expanding capacity, this legislation provides USDA lasting authority to support expanded and diversified processing capacity.

**Pandemic drives up food prices**

![Chart: Change in consumer price index of meat, fish and poultry since before COVID-19](chart.png)

*Chart: Tina Ivanova - Source: Bureau of Labor Statistics*