

August 16, 2018

Honorable Pat Roberts
Chairman
Committee on Agriculture
U.S. Senate
Washington, DC 20510

Honorable Debbie Stabenow
Ranking Member
Committee on Agriculture
U.S. Senate
Washington, DC 20510

Honorable Mike Conaway
Chairman
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Honorable Collin Peterson
Ranking Member
Committee on Agriculture
U.S. House of Representatives
Washington, DC 20515

Chairmen Roberts and Conaway and Ranking Members Stabenow and Peterson:

The 67 undersigned U.S. cotton industry and related organizations strongly support the completion of the 2018 Farm Bill by the end of this year, so that industry members and their associated lending institutions and input suppliers have the policy certainty necessary for the next five years. We applaud both bills for continuing the ARC/PLC policy for seed cotton with a reference price of \$0.367/lb, which is critically important to provide a safety net to cotton producers and helps support the downstream segments of the cotton industry. While we were pleased to see both the House and Senate pass their respective versions of the farm bill, we have some significant concerns that should be addressed in the conference negotiations.

First, the increased funding for the Economic Adjustment Assistance Program (EAAP) contained in the House bill provides important support for our U.S. textile manufacturers. We urge this increase to be maintained, but at a minimum, the EAAP should be fully funded at no less than \$0.03/lb for the full 10-year baseline. This program supports improved competitiveness and efficiencies in the U.S. textile manufacturing industry, resulting in increased or stabilized industry employment in numerous states, particularly in rural areas of the country.

Second, the “actively engaged in farming” changes added during Senate consideration of the bill should not be included in the conference report. These changes would drastically undermine the ability for family members, who provide critical management activities for the farm, to participate in the farm bill safety net programs. The language, which would have the effect of diminishing the role of management in the viability of today’s family farm and force individuals to provide unrealistic labor contributions in order to remain eligible for the safety net, should not be included in the final bill. We urge the conferees to retain the House provision that broadens the definition of family members beyond only lineal family. This change would help ensure today’s policies better reflect the realities of many multigenerational family farms today.

Third, the conference report should include the no-cost adjustments to the upland and Extra Long Staple (ELS) loan programs that are contained in the House bill. These changes would update the loan rate provisions to better reflect today’s global market realities.

Fourth, we urge the conferees to consider the impacts of a continual reduction on the adjusted gross income (AGI) means test on farm program eligibility. Since an AGI test of \$2.5 million was first imposed in the 2002 Farm Bill until the current \$900,000 AGI, an increasing number of farms are being impacted. The current AGI level should be maintained and not reduced to \$700,000 as included in the Senate bill.

Finally, we urge the conferees to recognize the importance of timely and efficient movement of cotton through the marketing channels to end users. While we understand that budget constraints do not allow for new funding in this area, the farm bill conference report provides an excellent opportunity to help focus on ways to enhance timely shipping of cotton, including direction to USDA to make regulatory changes and to study the current cotton shipping system and requirements.

While the above issues do not reflect the complete list of programs important to the cotton industry, we wanted to bring specific attention to these provisions and urge you to work to favorably address them as part of the farm bill conference negotiations. On behalf of the entire U.S. cotton industry, thank you for your support of agriculture and commitment to complete a farm bill this year that works for all regions, commodities, and producers. We stand ready to work with you in this regard.

Sincerely,

National Cotton Council
Agricultural Council of Arkansas
Alabama Cotton Commission
Alabama Farmers Federation
Amcot
American Agriculture Movement, Inc.
American Agriculture Movement of Tennessee
American Cotton Shippers Association
American Farm Bureau Federation
Arizona Cotton Ginners Association
Arizona Cotton Growers Association
Arizona Farm Bureau Federation
Arkansas Cotton Ginners Association
Arkansas Cotton Warehouse Association
Autauga Quality Cotton Association
Blackland Cotton & Grain Producers, Inc.
Calcot, Ltd.
California Association of Grower Gins
California Ginners and Growers Association
Cotton and Grain Producers of the Lower Rio Grande Valley, Inc.
Cotton Growers Cooperative
Cotton Growers Warehouse Association
Cotton Producers of Missouri
Cotton Warehouse Association of America
Cottonseed and Feed Association

Delta Council
Florida Farm Bureau Federation
Georgia Association of Manufacturers
Georgia Cotton Commission
Georgia Farm Bureau Federation
Kansas Cotton Association
Louisiana Cotton and Grain Association
Louisiana Cotton Ginners Association
Louisiana Farm Bureau Federation
Louisiana Independent Cotton Warehouse Association
Mississippi Cotton Ginners Association
Mississippi Farm Bureau Federation
Missouri Cotton Ginners Association
National Cottonseed Products Association
National Council of Textile Organizations
National Cotton Ginners Association
New Mexico Cotton Ginners Association
North Carolina Cotton Producers Association
North Carolina Farm Bureau Federation
Oklahoma Cotton Council
Pecos Valley Farmers Association
Plains Cotton Cooperative Association
Plains Cotton Growers, Inc.
ProCot Cooperative
Rolling Plains Cotton Growers, Inc.
San Joaquin Valley Quality Cotton Growers Association
South Carolina Cotton Board
South Carolina Farm Bureau Federation
South Texas Cotton & Grain Association
Southeastern Cotton Ginners Association
Southern Cotton Ginners Association
Southern Cotton Growers, Inc.
Southern Rolling Plains Cotton Growers Association
St. Lawrence Cotton Growers Association
Staplcotn Coop Association
Tennessee Cotton Ginners Association
Tennessee Farm Bureau Federation
Texas Cotton Ginners Association
Texas Farm Bureau Federation
Virginia Cotton Board
Virginia Cotton Growers Association
Virginia Farm Bureau Federation

cc: House and Senate Farm Bill Conferees