

News from Senator

BOB DOLE



(R - Kansas)

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DOLE TO INTRODUCE MARKETING LOAN AND STORAGE ACT OF 1986

NORTH PLATTE, NEBRASKA -- Senate Majority Leader Bob Dole (R-KS) announced today that he will introduce legislation next week designed to improve the competitiveness of U.S. grain and to help ease storage problems this fall.

The Marketing Loan and Storage Act of 1986, which mandates a marketing loan for wheat, feed grain and soybeans effective January 1, 1987, will be a cost-free bill according to Dole. "Implementing a marketing loan for wheat, corn and soybeans will allow the U.S. to go head-to-head with our competition in the world marketplace, while at the same time, providing a more competitive price for domestic users such as livestock feeders," Dole said. "The federal government will incur substantial savings by having producers repay price support loans, rather than forfeiting their grain to the Commodity Credit Corporation, which would only add to our growing storage problem in the midwest."

Under a marketing loan, a producer takes out a price support loan at the established county loan rate and then repays the loan at the world price as defined by the USDA.

The Dole bill will also require the Secretary of Agriculture to pay rates for on-farm storage equal to commercial rates with any additional rate increase paid for in generic PIK certificates. The Secretary can also allow the producer to receive his entire storage payment in PIK certificates, thereby providing a storage rate increase as long as PIK certificates trade at premium levels.

If the Secretary authorizes a storage rate increase to match commercial warehouse levels, producers will have an additional incentive to utilize existing farm structures such as machine sheds and barns in which to store their grain.

"We've worked long and hard to find a way to minimize the cost of this new program. Let's face it, it's no secret that federal spending on farm programs has already gone through the roof. Editorials and news reports across the country are taking a critical look at this expensive trend and already urban members of Congress are starting to holler about runaway agriculture spending, with some justification I might add," Dole said.

"The decline in our agricultural exports has caused stocks of corn, wheat and soybeans to build to a point where storage will be a rare commodity this fall," Dole said. "The Marketing Loan and Storage Act of 1986 addresses the problem by making our grain more competitive in world markets through a marketing loan and by providing producers and commercial warehousemen additional incentive to free-up existing on and off farm storage space."

Other major provisions contained in the Dole bill include:

- o Require the Secretary of Agriculture to make available advanced deficiency payments at sign-up for the 1987 crop equal to no less than 30 percent of the total established payment for wheat, feed grains, cotton and rice. The Secretary would be required to pay at least one-half of the advanced deficiency payment in PIK certificates.
- o Authorize the Secretary of Agriculture to increase minimum acreage reduction program levels (non-paid) by 2.5 percent for wheat for the 1987 crop year only and by 5 percent for the '87 and '88 crop years.
- o Authorize the Secretary to allow producers to count any additional acreage reduction during the '87 crop year to count as land entered into the conservation reserve if their bids are accepted.
- o Relax soil loss tolerance levels for conservation reserve eligibiity from 3T to 2T.
- o Eliminate the minimum repayment levels under the marketing loan provisions for the 1985 farm bill for wheat and feed grains which are currently set at 70 percent of the basic loan rate.
- o Eliminate the provision contained in the 1985 farm bill requiring producers of wheat, feed grains, rice and cotton to have planted a crop before being eligible for a paid land diversion with a separate \$20,000 payment limitation.
- o Requires the Secretary to offer a marketing loan program for sunflowers, beginning with the 1986 crop, with loans set at not less than 9 cents per pound.

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