

## 2025 Budget Reconciliation – [The One Big Beautiful Bill Act \(HR 1\)](#)

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### Executive Summary

The One Big Beautiful Bill Act (OBBBA) included a number of investments in the farm safety net and other agricultural priorities, while simultaneously making significant cuts to nutrition programs. With a farm bill delayed by two years already, OBBBA provided Congress with an opportunity to move major money components of the farm bill in reconciliation, albeit in a highly partisan fashion.

Because of reconciliation rules, many policy provisions that would normally be carried in a farm bill were left on the cutting room floor, setting up the need to either complete a “mini” farm bill or pass yet another farm bill extension this calendar year. Provisions such as suspending permanent law and extending programs like the Conservation Reserve Program will be “must do” before the end of the year.

### Resources

Final text of the bill can be found [here](#).

Senate Ag Committee resources can be found [here](#).

### Key Provisions

#### Nutrition

- **Thrifty Food Plan**
- Imposes cost neutrality on future Thrifty Food Plan updates and defines the household size adjustment ratios
- **Work Requirements for Able-Bodied Adults**
- Changes able-bodied adults without dependents (ABAWD) work requirements to apply to adults between 18 and 65 and requires the parents of children over the age of 14 to work.
- Eliminates the Secretary’s discretionary authority to issue broad waivers from SNAP work requirements to areas with an unemployment rate over 10 percent.
- **Standard Utility Allowance**
- The Standard Utility Allowance will only apply to households with an elderly or disabled family member. Energy bills may no longer count toward SNAP eligibility. This provision limits the ability to use Low-Income Home Energy Assistance Program assistance to automatically qualify for the standard utility allowance.
- **Restrictions on Internet Expenses**
  - Prohibits households from including internet costs in calculating the excess shelter deduction.

- **SNAP State Cost Share**
- Starting in FY2028, a State may choose to use either the FY25 or FY27 error rate to calculate the cost sharing rates. After FY29, the error rate will be the third fiscal year preceding the year being used for the cost share.
- If a state error rate in FY25 is multiplied by 1.5 is equal to or above 20%, then they will be exempted from the cost share until FY29. In FY26, if the payment error rate multiplied by 1.5 is equal to or above 20%, the implementation date will be FY30.
- If a state has an error rate lower than 6%, the federal government will cover all costs.
- If a state has an error rate between 6-8%, states will pay 5%.
- If a state has an error rate between 8-10%, states will pay 10%.
- If a state has an error rate greater than 10% (but lower than the above exemptions), then the cost share will be 15%.
- **Administrative Cost Share**
- Beginning in FY27, states will cover 75% of the cost share.
- **National Education and Obesity Prevention Grant Program (SNAP-Ed)**
- Eliminates funding for the program.
- **Alien SNAP Eligibility**
  - Outlines who is eligible for SNAP benefits:
- U.S. citizens or U.S. nationals
- Aliens who have been lawfully admitted for permanent residence as an immigrant
- Aliens who have been granted the status of Cuban or Haitian entrant
- Individuals who are lawfully residing in the U.S. in accordance with the Compacts of Free Association between the U.S. and Micronesia, the Marshall Islands, and Palau.

### **Title 1 Safety Net**

- **Reference Prices**
  - 10-20% increases in reference prices for covered commodities
    - Wheat - \$6.35/bushel
    - Corn - \$4.10/bushel
    - Grain Sorghum - \$4.40/bushel
    - Barley - \$5.45/bushel
    - Oats - \$2.65/bushel
    - Long Grain Rice - \$16.90/cwt
    - Medium Grain Rice - \$16.90/cwt
    - Soybeans - \$10.00/bushel
    - Other Oilseeds - \$23.75/cwt
    - Peanuts - \$630/ton
    - Dry Peas - \$13.10/cwt
    - Lentils - \$23.75/cwt
    - Small Chickpeas - \$22.65/cwt
    - Large Chickpeas - \$25.65/cwt
    - Seed Cotton - \$0.42/pound

- Starting in 2031 crop year, the reference price for all covered commodities shall equal the reference price in the previous crop year multiplied by 1.005 and cannot exceed 113% of the reference price.
- Effective reference price will be calculated based on 88% of the Olympic-average of the previous five years versus 85%.
- **Base Acres**
  - Maintains all current base acres and allows a 1-time allocation of new base
  - Requires a pro-rated reduction by the Secretary if the total number of eligible acres allocated to base acres across all farms in the U.S. would exceed 30,000,000 acres beginning in crop year 2026.
  - Defines the formula for base acre update (see page 34-35 of bill text)
- **Producer Elections**
  - Requires producers to make an annual election to obtain PLC or ARC.
  - Allows farmers to receive the higher of the ARC or PLC payment for 2025.
  - Allows farmers to purchase the Supplemental Coverage Option (SCO) crop insurance product even if they are enrolled in ARC.
- **PLC**
  - Extends PLC through crop year 2031.
- **ARC**
  - Extends ARC through crop year 2031.
  - Increases the ARC guarantee to 90 percent of the benchmark revenue for crop years 2014 through 2024.
  - Increases the payment rate calculation to include 12.5% of the benchmark revenue in crop years 2025 through 2031.
- **Equitable Treatment of Certain Entities**
  - Defines the term “qualified pass-through entity” to include partnerships, S-Corps, LLCs, joint ventures, and general partnerships; requires the Secretary to treat such entities in the same manner as current law treats general partnerships and joint ventures for the purposes of applying payment limitations.
- **Adjusted Gross Income Limitations**
  - Increases the payment limitation for Title I payments from \$125,000 to \$155,000, adjusted annually to account for inflation
  - Provides an exception to the AGI means test for purposes of determining eligibility for disaster and conservation programs if the person or entity derives more than 75 percent of their average gross income from farming, ranching, and silviculture activities; clarifies farming, ranching, and silviculture activities include agri-tourism, direct-to-consumer marketing of agricultural products, the sale of agricultural equipment owned by an operation.
    - The AGI limit exception applies to Title 1 farm programs, supplemental ag disaster programs, NAP and conservation programs.
- **Marketing Loans**
  - Loan rate increases for 2026-2031 for most loan commodities
    - Wheat - \$3.72/bushel
    - Corn - \$2.42/bushel
    - Grain Sorghum - \$2.42/bushel
    - Barley - \$2.75/bushel
    - Oats - \$2.20/bushel

- Upland Cotton - \$.55/pound
- Extra Long Staple Cotton - \$1.00/pound
- Long Grain Rice - \$7.70/cwt
- Medium Grain Rice - \$7.70/cwt
- Soybeans - \$6.82/bushel
- Other Oilseeds - \$11.10/cwt
- Dry Peas - \$6.87/cwt
- Lentils - \$14.30/cwt
- Small Chickpeas - \$11.00/cwt
- Large Chickpeas - \$15.40/cwt
- Graded Wool - \$1.60/pound
- Nongraded Wool - \$.55/pound
- Mohair - \$5.00/pound
- Honey - \$1.50/pound
- Peanuts - \$390/ton
- Payment of cotton storage costs through 2031 in the same manner as in 2006, but the payment rate is the lesser of the submitted storage charge for the current marketing year and a payment rate of \$4.90 in Arizona or California or \$3.00 in any other state.
- Continues loan deficiency payments through 2031.
- Extends the special competitive provisions for extra long staple cotton through 2032.
- Allows for the continuation of eligible recourse loans through 2031 for high moisture feed grains and seed cotton.
- **Repayment of Marketing Loans**
  - Allows for additional flexibility by the Secretary for determination of the world market price for cotton and rice.
- **Economic Adjustment Assistance for Textile Mills**
  - Increases the value of assistance beginning on August 1, 2025.

### **Sugar Program Updates**

- **Loan Rate Modification**
  - Increases the sugarcane loan rate to 24 cents per pound through 2031.
  - Increases the sugar beet loan rate to 136.55 percent of the cane loan rate through 2031.
- **CCC Storage Payments**
  - Increases the rate for storage for forfeited refined sugar to 34 cent per hundredweight per month.
  - Increases the storage rate for forfeited raw cane sugar to 27 cents per month per hundredweight.
- **Allotments**
  - Allows the Secretary to make an upward adjustment in allocations amongst beet sugar processors with priority to those with available sugar.
  - Allows the Secretary to make an initial determination after the WASDE is approved in January and for an initial reassignment not later than 30 days after the final WASDE is approved.
- **Reallocation of TRQs**
  - Requires the secretary to determine which countries do not intend to fulfill their allocation for the year and reallocate any shortfall not later than March 1.

- **Refined Sugar**
  - Provides 180 days for USDA to conduct a study on whether additional terms and conditions are needed for refined sugar imports.
  - Allows to Secretary to issue regs based on the study.
- **Extends the sugar program through 2031**

### **Dairy Program Updates**

- **Dairy Margin Program**
  - Allows for an update the production history for dairy operations participating in the program to the highest annual milk marketings of such dairy during any one of the 2021, 2022, or 2023 calendar years.
- **Dairy Margin Coverage Payments**
  - Increase the tier I and tier II coverage limit under the DMC program from the first 5 million pounds of milk to the first 6 million pounds of milk.
- **Premiums for Dairy Margins**
  - Provides an option for producers to receive a 25 percent discount on their DMC premiums if they lock in coverage from calendar years 2026 through 2031.
- **Duration of DMC**
  - Extends dairy margin coverage through calendar year 2031.
- **Implementation of DMC**
  - Provide for the implementation authority and funding for Title I of this Act.
- **Mandatory Cost Surveys**
  - Provides \$9 million in CCC funds to carry out dairy mandatory cost surveys on a biannual basis.

### **Disaster Assistance**

- **Livestock Indemnity Payments**
  - Establishes a payment rate for predation losses at 100 percent of the market value of the animal for losses caused by a federally protected species. A payment rate for losses due to adverse weather or disease at 75 percent of the market value of the animal. The market value for both payment rates is determined by the Secretary, who may consider the ability of eligible producers to document regional price premiums for affected livestock that exceed the national average market price for those livestock. The paragraph further establishes a supplemental payment for the loss of unborn livestock incurred since January 1, 2024.
- **Livestock Forage Disaster Program**
  - Eligible livestock producers that own or leases grazing land or pastureland that is physically located in a county that is rated by the U.S. Drought Monitor as having a D2 (severe drought) intensity in any area of the county for at least 4 consecutive weeks during the normal grazing period for the county, as determined by the Secretary, shall be eligible to receive assistance in an amount equal to 1 monthly payment using the monthly payment rate determined under the livestock forage disaster program; or 2 monthly payments if for any of the 7 of the 8 consecutive weeks during the normal grazing period for the county.
- **Emergency Assistance for Livestock, Honey Bees and Farm-Raised Fish**

- Expands the definition of farm raised fish for purposes of payments due to bird depredation.
  - Sets a minimum payment rate of \$600 per acre for aid in the reduction of losses due to bird predation.
- Sets a normal mortality rate of 15% for honey bees for purposes of determining payments under this program.
- **Tree Assistance Program**
  - Increases the reimbursement rate to 65% for pruning and other costs incurred to salvage trees.
  - Bases all payments off of normal damage or mortality.

### Crop Insurance

- **Beginning Farmer and Rancher Provisions**
  - Extends beginning farmer and rancher benefits from five years to ten years, with a stair-step down in the premium assistance benefits.
- **Area Based Crop Insurance Coverage and Affordability**
  - Increases the max coverage level to 90% and the premium discount to 80% for SCO. Also allows whole farm policy coverage to increase to 90%.
- **Premium Cost Share**
  - Increases premium assistance for individual policies by 3-5 percentage points.
- **Administrative and Operating Expense Adjustments**
  - Provides for an additional loss adjustment expense payment in specified states where the loss ratio is greater than 120 beginning in Reinsurance Year (RY) 2026. Will only apply to policies that require loss adjustment (versus area-wide and index policies, for example). On these qualifying policies, will pay an additional 6% of net book premium.
  - Provides a minimum A&O for specialty crop policies of 17%.
  - Provides for an inflation adjustment for A&O.
- **Premium Cost Share**
  - Increases premium assistance for individual policies by 5 percentage points for coverage up to 75%, and 3 percentage points for 80% and 85% coverage.
- **Program Compliance and Integrity**
  - Provides \$4 million through 2025 and \$6 million each year thereafter for program compliance activities.
- **Reviews, Compliance, and Integrity**
  - Provides \$10 million per year for policy reviews, including for reviews of the financial integrity of the system and actuarial soundness.
- **Poultry Insurance Pilot Program**
  - Requires the establishment of a poultry insurance pilot policy.

### Research

- **Urban, Indoor, and Other Emerging Agricultural Production, Research, Education, and Extension Initiative**
  - Provides \$2 million a year for fiscal year 2026 – 2031



- **Foundation for Food and Agriculture Research (FFAR)**
  - Provides \$37 million in one-time funding
- **Scholarships for 1890s Institutions**
  - Provides \$60 million in one-time funding
- **Farmers with Disabilities Program**
  - Provides \$8 million in one-time funding
- **Specialty Crop Research Initiative (SCRI)**
  - Provides \$175 million for fiscal year 2026 and each year after, which is a total of \$95 million a year increase over previous levels
  - Total increase of \$950 million over 10 years
- **Research Facilities Act**
  - Provides \$125 million/year starting in fiscal year 2026
  - Total of \$1.25 billion over 10 years

### Conservation

- **Grassroots Source Water Protection Program**
  - \$1 million in one-time funding
  - \$1 million in one-time funding in the 2024 House Farm Bill
- **Voluntary Public Access and Habitat Incentive Program**
  - \$70 million/year for fiscal years 2026 – 2031
  - \$150 million/year in the 2024 House Farm Bill
- **Feral swine eradication and control program**
  - \$105 million for fiscal years 2025 – 2031
  - \$150 million/year in the 2024 House Farm Bill
- **Watershed Protection and Flood Prevention Act**
  - \$150 million per year
  - \$100 million/year in 2024 House Farm Bill
- **Funding**
  - Increases Mandatory funding for conservation programs – Agriculture Conservation Easement Program (ACEP), Environmental Quality Incentive Program (EQIP), Conservation Stewardship Program (CSP) and Regional Conservation Partnership Program (RCCP) by rescinding Inflation Reduction Act funding
- **See comparison to 2024 House Farm Bill in chart below**

Reconciliation			2024 House FB	
ACEP			ACEP	
n/a	2025		\$600,000,000	2025
\$625,000,000	2026		\$625,000,000	2026
\$650,000,000	2027		\$650,000,000	2027
\$675,000,000	2028		\$675,000,000	2028
\$700,000,000	2029		\$700,000,000	2029
\$700,000,000	2030			
\$700,000,000	2031			
EQIP			EQIP	

n/a	2025		\$2,100,000,000	2025
\$2,655,000,000	2026		\$2,200,000,000	2026
\$2,855,000,000	2027		\$2,300,000,000	2027
\$3,255,000,000	2028		\$2,450,000,000	2028
\$3,255,000,000	2029		\$2,500,000,000	2029
\$3,255,000,000	2030			
\$3,255,000,000	2031			
<b>CSP</b>			<b>CSP</b>	
n/a	2025		\$1,275,000,000	2025
\$1,300,000,000	2026		\$1,300,000,000	2026
\$1,325,000,000	2027		\$1,325,000,000	2027
\$1,350,000,000	2028		\$1,350,000,000	2028
\$1,375,000,000	2029		\$1,375,000,000	2029
\$1,375,000,000	2030			
\$1,375,000,000	2031			
<b>RCPP</b>			<b>RCPP</b>	
n/a	2025		\$400,000,000	2025
\$425,000,000	2026		\$425,000,000	2026
\$450,000,000	2027		\$450,000,000	2027
\$450,000,000	2028		\$450,000,000	2028
\$450,000,000	2029		\$450,000,000	2029
\$450,000,000	2030			
\$450,000,000	2031			

### **Horticulture**

- **Specialty Crop Block Grants**
  - Increases block grants from \$85 million a year to \$100 million a year for a total of \$150 million increase over 10 years.

### **Miscellaneous**

- **Animal Disease Prevention and Management**
  - Provides \$30M in mandatory funding for FY23-25, with \$18M for the National Animal Disease Preparedness and Response Program.
  - Provides \$233M in mandatory funding for FY26-30, of which \$10M is allocated to National Animal Health Laboratory Network, \$70M is allocated to the National Animal Disease Preparedness and Response Program, and \$153M is allocated to the National Animal Vaccine and Veterinary Countermeasure Bank.
  - Provides \$75M in mandatory funding starting in 2031 making these programs permanent and, of which \$45M is the National Animal Disease Preparedness and Response Program.



## **Tax Provisions**

- **Extension and Modification of Clean Fuels Production Credit (45Z)**
  - Feedstocks must be from US, Mexico, or Canada.
  - Extended until December 2029- was 2031.
  - Excludes indirect land change.
  - Gives Secretarial authority to set an animal manure emissions rate.
  - Elimination of credit rates, all set \$1.00.
  - Does not sunset transferability.
- **40A**
  - Includes a tax credit of 20 cents per gallon credit for small biodiesel producers. This replaces a previous 10 cent credit for small producers.
  - It does NOT extend the underlying biodiesel tax credit for all producers (which was \$1), but instead requires this small producer credit to work in conjunction with 45Z.
  - Applies to fuel sold or used after June 2025 and before December 2026.
- **40B**
  - Does not extend the SAF tax credit.
- **Treatment of Capital Gains from the Sale of Certain Farmland Property.**
  - Allows for the installment payments of tax liability from the sale of farmland if that farmland is to remain in agriculture for at least the next 10 years.
- **Extension of Deduction for Qualified Business Income and Permanent Enhancement (199A)**
  - Makes the deduction permanent.
- **Extension of Increased Estate Tax and Gift Tax Exemption and Permanent Enhancement**
  - Basic exclusion amount increased from \$5,000,000 to \$15,000,000.
  - Updates the inflation adjustment equation to reflect 2025 and 2026.
  - Makes this level permanent.