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Iowa and Nebraska Views on Federal Agriculture and Rural Development Policies:
The 2007 Farm Bill.
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A field hearing of the United States Senate
Committee on Agriculture, Nutrition, and Forestry.

Good morning.

Iowa Natural Heritage Foundation, a statewide, non-profit organization was founded in 1979. Our mission is to protect and restore Iowa's land, water and wildlife for future generations. Among our accomplishments of the last 28 years is the direct protection of nearly 100,000 acres at 675 sites in 93 of Iowa's 99 counties plus assistance with thousands of additional acres. Our membership includes nearly 7,000 individuals, families, businesses, and organizations.

We appreciate the difficult choices you must make in balancing Congressional budget restrictions and the needs of a rapidly changing farm economy. Here are several specific ideas that may be helpful:

Conservation Security Program (CSP)

CSP should be the primary working lands program within USDA, and working lands deserve much greater emphasis because America's renewable fuels policy puts greater pressure on our soil, water, and wildlife resources.

? We urge the transition of direct payments to green payments, partly to slow the inflationary impacts of direct payments on land rents and land prices during this period of good commodity prices.

? Commodity payment limits should be adopted and savings targeted to CSP. This could include lower payment limits on direct payments.

? Expand NRCS capacity to deliver CSP nationwide. Rural lands managed under CSP can become a major mechanism to mitigate greenhouse gas emissions. Eventually a carbon tax or a cap and trade policy to address climate change could become the primary funding source for CSP.

Conservation Reserve Program (CRP)

CRP is being priced out of the land market in the cornbelt. Iowa farmers have seen their land more than double in value in the last seven years and will generally expect a similar increase in CRP rents to consider a ten year contract. Land inflation will essentially cut by half the buying power of the CRP budget in the cornbelt. CRP contracts will migrate to other areas unless changes are made:

? Partial field, continuous sign-up practices should be priced like a cost-sharing practice across the nation. Payments should be limited by the Secretary of Agriculture to 65% to 90% of the local competitive market rent so landowners from all regions have an equitable chance to enroll (provided CRP retains all baseline savings for future use).

? Only the Conservation Reserve Enhancement Program enrollments should provide 100% of market value, because these acres are highly targeted to implement specific natural resources plans with prioritized public benefits.

? The Secretary of Agriculture should be directed to use flexible CREP agreements as the means to maintain CRP acres and funding in cornbelt states. This is a CRP "hold harmless" policy for the states that have succeeded at biofuels development. The cropping history requirements for CREP land should be dropped in order to cut costs, but permanent conservation easements should be purchased on environmentally targeted lands in order to increase benefits with special CREP initiatives.

? CRP could be authorized for more acres if a new category of Transition CRP Contracts is created. The idea is to target the most economically marginal lands where the projected savings of commodity subsidies, direct payments, disaster payments, and risk management agency subsidies are likely to cover the CRP cash payments. Economic uses for grazing, forestry, native prairie seed production or biomass production would be allowed without economic penalty to the owner during the 10 year contract. These one time transition contracts for sustainable land uses should be offered only on lands identified and recruited through USDA inter-agency efforts focused on future budget savings and sustainable rural development.

Biomass Energy Policy

USDA technical assistance and conservation incentive baselines will not cover the increased needs as cellulosic ethanol becomes commercially viable. We need private sector businesses to assume these responsibilities before they create a biomass market, especially when federal subsidies are used in building or operating a facility purchasing biomass feedstocks.

? The Energy Title should include a conservation compliance requirement for receiving biomass subsidies. Bio refineries should cover the cost of technical assistance for state-of-the-art conservation plans that enable an informed decision about biomass harvest from every farm and field where feedstocks are purchased. In addition, these biomass buyers should have a state approved purchasing and procurement policy that will reward farmers who follow their updated conservation plans.

Thank you for the opportunity to testify