

Farm System Reform Act

Title-by-Title Summary

Title 1: Animal Feeding Operations

Moratorium on Large Concentrated Animal Feeding Operations. The Act places an immediate moratorium on new and expanding large concentrated animal feeding operations (CAFOs), and requires existing large CAFOs to cease operations as large CAFOs by January 1, 2040. See Appendix 1 for size thresholds for Large CAFOs.

Voluntary Debt Forgiveness and Transition Assistance Program for Animal Feeding Operations. The Act authorizes \$100,000,000,000 over 10 years for a voluntary buyout program for owners of animal feeding operations (AFOs) who wish to transition to other activities on the property. Funds could be used to partially or fully pay off outstanding debt incurred to construct and operate an AFO or to cover transition costs for alternative agriculture activities such as raising pasture-based livestock, growing specialty crops, or organic commodity production.

Integrator Responsibilities and Liabilities. Under this section, integrators exercising substantial control over a CAFO will be responsible and liable to contract growers and neighboring communities for the waste, pollution, and adverse health impacts associated with the operation of the CAFO.

Title II: Strengthening the Packers and Stockyards Act of 1921

The Act amends the Packers and Stockyards Act (PSA) to:

- ❖ Prohibit meatpackers from procuring livestock for slaughter through the use of a forward contract unless the contract contains a firm base price and is bid in an open, public manner.
- ❖ Prohibit meatpacker ownership of livestock more than 7 days prior to slaughter.
- ❖ Eliminate "pro-competitive effects" or "legitimate business justifications" as defenses to claims arising from a meatpackers' violation of conduct prohibited under the PSA.
- ❖ Require transparency in contract grower compensation.
- ❖ Prohibit poultry companies, meatpackers, and swine contractors from retaliating against livestock and poultry farmers for talking to their Member of Congress or other federal officials regarding concerns about their contracts or marketing arrangements, for making lawful disclosures related to potential violations of the PSA, or for joining together in producer associations.
- ❖ Prohibit the use of a tournament or ranking system for paying contract growers for their capital and services, or any payment mechanism that is based primarily on factors outside the control of the grower.

- ❖ Make clear that individual farmers do not need to show competitive injury in order to pursue a complaint under the PSA.
- ❖ Provide USDA with necessary administrative authority under the PSA to take enforcement action against unfair and deceptive company practices in their dealings with contract poultry growers.
- ❖ Provide for the award of attorney fees by companies in farmers and ranchers' successful claims under the PSA.
- ❖ Require that 50% of a covered packer's daily slaughtered livestock come through spot market sales from nonaffiliated producers.

Title III: Labeling of Meat and Dairy Products

Country of Origin Labeling. The Act restores mandatory country of origin labeling requirements for beef and pork and extends country of origin labeling to include dairy products.

Truth in Labeling. The Act prohibits the U.S. Department of Agriculture (USDA) from labeling imported meat products as "Product of USA".

Appendix 1 - Size Thresholds for Large CAFOs

- (i) 700 mature dairy cows, milked or dry.
- (ii) 1,000 veal calves.
- (iii) 1,000 cattle (including heifers, steers, bulls, cows, and calves) other than mature dairy cows or veal calves.
- (iv) 2,500 swine, each weighing not less than 55 pounds.
- (v) 10,000 swine, each weighing not more than 55 pounds.
- (vi) 500 horses.
- (vii) 10,000 sheep or lambs.
- (viii) 55,000 turkeys.
- (ix) In the case of an AFO that uses a liquid manure handling system—
 - (I) 30,000 laying hens or broilers; or
 - (II) 5,000 ducks; or
- (x) In the case of an AFO that uses a system other than a liquid manure handling system—
 - (I) 125,000 chickens (other than laying hens);
 - (II) 82,000 laying hens; or
 - (III) 30,000 ducks.