
Farm Bill Update

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Georgia Peanut Tour Hot Topics

September 16, 2025

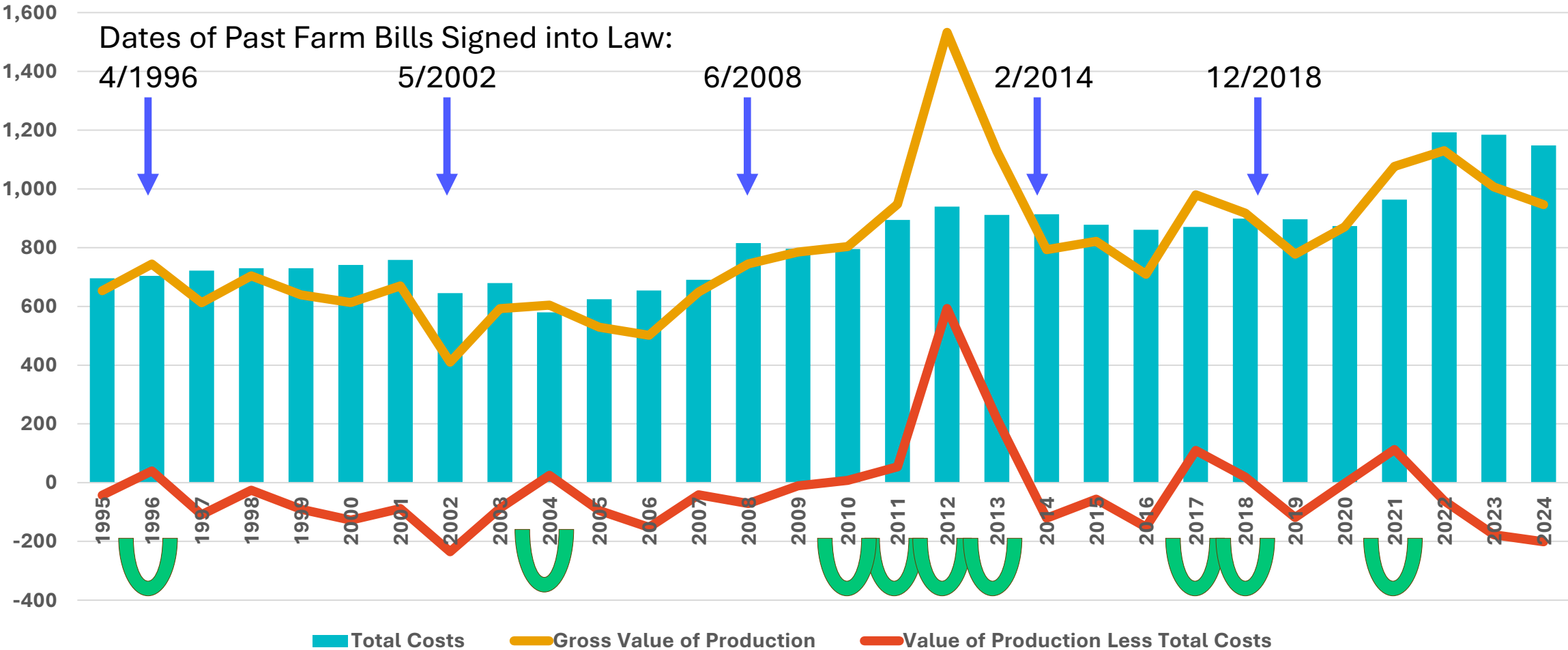


Disclaimer

These are based on my interpretation of OBBBA language, and the information is subject to change following final rules and guidelines from the agencies under the leadership of the Secretary of Agriculture.

Why is agricultural policy important?

Peanut Total Production Costs, Value of Production, and Value Less Costs for Producers in GA/AL (1995-2024)



Why is agricultural policy important?

- On average, Georgia peanut farmers saw profitable production in only 8 years of the past three decades.
- In some loss years, other crops made profits, but still only a handful of times out of the last 30 years.
- That is why we see diversified farmers – crops, livestock, poultry ... and farms getting bigger to attain economies of scale.
- Due to biological nature of agriculture – money already spent on inputs, weather uncertainty, invasive pests, trade wars, etc. - farmers can't pivot quickly to adjust to changes in the markets.
- Ag policy is designed to create a safety net to ensure sustainability of the ag industry through financial and technical support programs.

Current Situation – In a Nutshell

Cost of
production
elevated

Production
(supply) up

Domestic
demand
flat

Export
demand
down

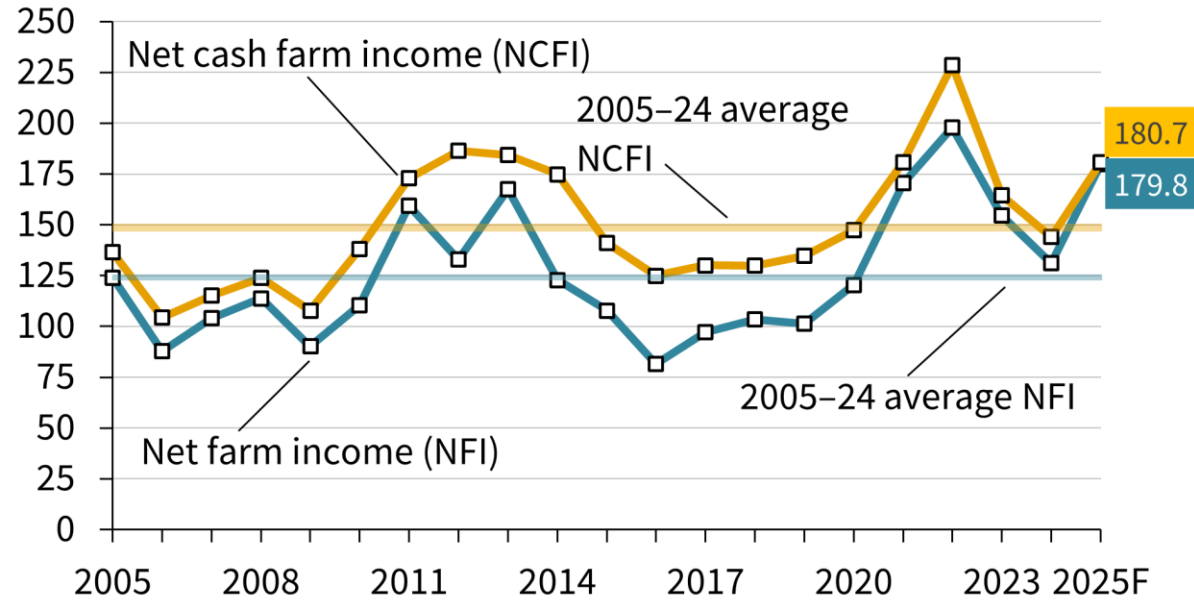
Outlook for
prices to
farmers
bearish
(trending
lower)

Narrow to
negative
margins

Greater
need for
safety net

U.S. net farm income and net cash farm income, inflation adjusted, 2005–25F

2025 dollars (billions)



Note: F = forecast. Values are adjusted for inflation using the U.S. Department of Commerce, Bureau of Economic Analysis, Gross Domestic Product Price Index (BEA API series code: A191RG) rebased to 2025 by USDA, Economic Research Service.

Source: USDA, Economic Research Service, Farm Income and Wealth Statistics. Data as of September 3, 2025.

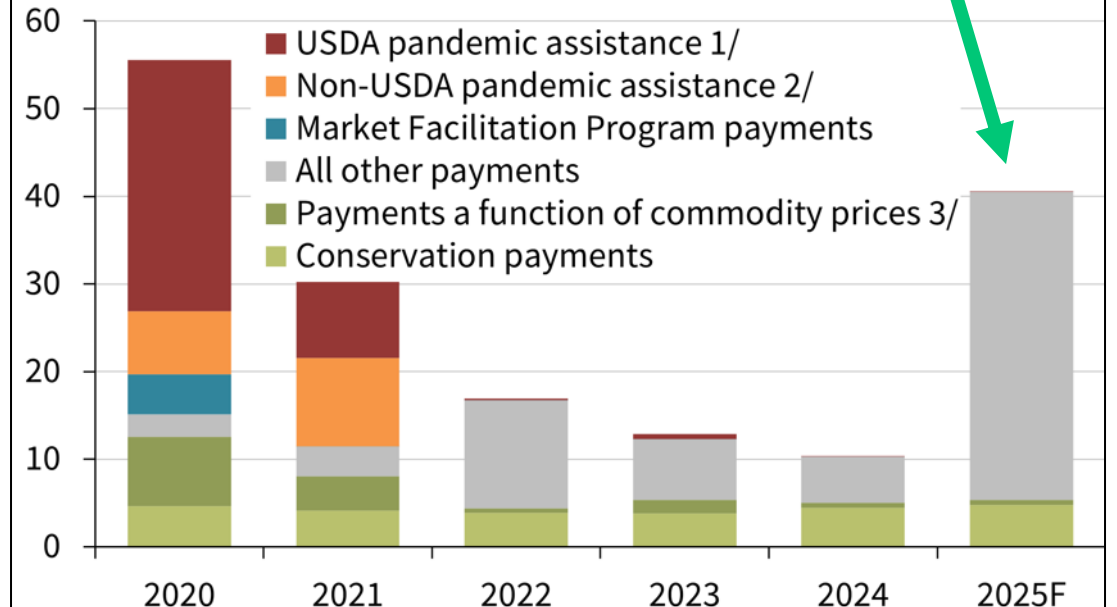
Note – these data are aggregated to the national level. The economic situation for the Southeastern US is different with suppressed cotton prices.

Farm Income is Forecast up in 2025

For first time in 3 years, US net farm income forecast up – mostly because of government payments.

Direct Government payments to U.S. farm producers, 2020–25F

2025 dollars (billions)



So, what happened with the Farm Bill?

- The 2018 farm bill expired twice with a one-year extension each time.
- This year, we didn't go through the process of a new farm bill but several programs within it were updated and given new timelines through a continuing resolution called the One Big Beautiful Bill Act which was signed into law July 4, 2025.
- Debate currently ongoing about renewing a “skinny” farm bill to address some programs that did not get updated in OBBBA.

Base Acres - Background

- Farm bill safety net uses base acres for covered commodities, such as peanuts.
- This way policies will be less likely to impact planting decisions – leaves planting decisions to market conditions and crop rotations, etc. – *Decoupled*–
- Farms with base acres may receive payment if program conditions are met, like low prices or low revenues.
- If conditions trigger a payment, the farm with base will receive that payment regardless of what they planted that crop year. Furthermore, payments are received the following crop year. i.e. a payment triggered on the 2024 crop will be received by the farmer in October 2025.
- Payments are paid on 85% of base acres.
- Base acres were established in previous bills and mimicked planting history on the farm.

OBBA allows volunteer Base Acre increase

- Total US base acres can be increased up to an additional 30 million acres.
- Producers who planted more total acres than base acres are eligible to participate, but base cannot exceed total farm acres.
- Enables farms that have never had base to add base if they planted covered commodities during crop years 2019-2023.

OBBBA Updates to PLC/ARC

- Farmers will receive higher of ARC or PLC for the 2025 crop year
- PLC reference price for Peanuts increased from \$535/ton to \$630/ton
- Beginning in 2031, reference price will increase by 1.005% up to 113% of the statutory reference price
- ARC revenue guarantee increased from 86% to 90% and maximum payment increased from 10% to 12% of benchmark revenue
- Both PLC and ARC are allowed with SCO and ECO insurance

OBBBA Updates to Crop Insurance

- Government subsidizes a portion of the premium farmers pay for crop insurance, making crop insurance more affordable, and incentivizing farmers to utilize crop insurance as a risk management tool.
- Policies range from yield, revenue, area-wide, and whole farm.
- OBBBA increased the premium subsidies on crop insurance.
- Premium subsidies increased 3-5% based on coverage level and type of policies

OBBBA Updates to Marketing Assistance Loans and Payment Limits

- Enable farmers to place peanuts in the loan and sell later
- Beginning with the 2026 crop year, the marketing loan rate will increase from \$355/ton to \$390/ton
- Peanuts continue a separate payment limit and that was increased from \$125,000 to \$155,000.
- Payment limit can be annually adjusted for inflation based on the CPI

OBBBA Updates to Pass-through Entities and AGI

- Equitable treatment of certain entities (re: payment limits): includes qualified pass-through entities (partnerships, s-corporations, LLCs, joint ventures or general partnerships).
- AGI – exception remains at greater than or equal to 75% of AGI.
- Definition of farming expanded to include direct-to-consumer marketing of ag products, sale of ag equipment, agritourism, and other ag-related activities.

OBBBA Updates to Estate Tax and Depreciation for Small Businesses

- Estate Tax Exemption (Effective after Dec 31, 2025) made permanent at \$15 million per individual (or \$30 million for married couples).
- Depreciation for Small Businesses (Section 179) effective for property placed in service beginning after Dec 31, 2024, depreciation on equipment purchases of up to \$4,000,000 can qualify for Section 179 deduction of \$2,500,000 in the year it is placed into service.
- For purchases of property placed into service that exceed \$4,000,000 the deductions “phase out” and only smaller Section 179 deductions are allowed (i.e. less than \$2,500,000).

Thank you
