The Sugar Policy Modernization Act
S. 2086 and H.R. 4265

ISSUE

During consideration of every farm bill, there is an attempt to kill the sugar program.

BACKGROUND

The sugar program provides a price guarantee to the processors of sugarcane and sugar beets, and in turn, to the producers of both crops. USDA is directed to administer the sugar program at no budget cost to the Federal government by limiting the amount of sugar supplied for food use in the U.S. market.

To achieve both objectives, USDA uses the following four tools keep domestic market prices above guaranteed levels:

1. price support loans at specified levels which are the basis for the price guarantee;
2. marketing allotments to limit the amount of sugar that each processor can sell;
3. import quotas to restrict the amount of sugar allowed to enter the U.S. market; and
4. a sugar-to-ethanol (feedstock flexibility) program backstop which is available if marketing allotments and import quotas fail to prevent a sugar surplus from developing.

LEGISLATION

Identical bills to kill the sugar program have been introduced in the House and Senate. In the Senate, Senators Jeanne Shaheen (NH) and Pat Toomey (PA) have introduced S. 2086, the “Sugar Policy Modernization Act”. A similar bill, H.R. 4265, has been introduced in the House bill by Representatives Foxx (R-NC) and Goodlatte (R-VA).

Senate cosponsors include the following 16 Senators: Sens. Maggie Hassan (D-N.H.), Lamar Alexander (R-Tenn.), Bob Casey. (D-Pa.), Susan Collins (R-Maine), Chris Coons (D-Del.), Dick Durbin (D-Ill.), Dianne Feinstein (D-Calif.), Dean Heller (R-Nev.), Ron Johnson (R-Wis.), Tim Kaine (D-Va.), Ed Markey (D-Mass.), John McCain(R-Ariz.), Claire McCaskill (D-Mo.), Rob Portman (R-Ohio), Mark Warner (D-Va.) and Elizabeth

There are 46 House cosponsors.
The Congressional Budget Office has scored the bill as saving $100 million over ten years.

**POSITION**

Farm Bureau opposes the legislation because:

- nonrecourse loans are repaid with interest;
- nonrecourse loans are made available to more than two dozen other commodities. Without access to these loans, most producers would be unable to obtain capital and stay in business;
- the U.S. market would quickly be in an oversupply situation due to imports artificially depressing sugar prices for large food manufacturers;
- U.S. sugar policy has cost taxpayers $0 since 2014;
- U.S. sugar has cost less than 32 cents a pound since 2014 – nearly 10 cents below averages in other developed countries, according to the International Sugar Organization; and
- U.S. sugar producers must compete with Brazil, India, Thailand and others for exports. Those countries have subsidized their production in the billions of dollars.
FARM BUREAU POLICY SUPPORTS:

• a program to protect the interests of domestic sugar producers and recommends that any appropriate legislation include provisions that ensure a strong and economically viable domestic sugar industry;
• maintaining the current 2014 sugar provisions in the next farm bill; and
• retention of the current loan rates as a minimum.