

## FEDERAL AGRICULTURAL POLICY UPDATE: THE ONE BIG BEAUTIFUL BILL ACT

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### What is the One Big Beautiful Bill (OBBB) Act?

Prior to the OBBB, farm policy was running on stopgap extensions of the 2018 Farm Bill.

The OBBB is not a Farm Bill, but it updates the crop insurance program and Title I programs.

The OBBB also includes a range of tax policies that will affect agriculture.



### Outline of talk



Crop insurance and  
Title 1 programs



Conservation funding

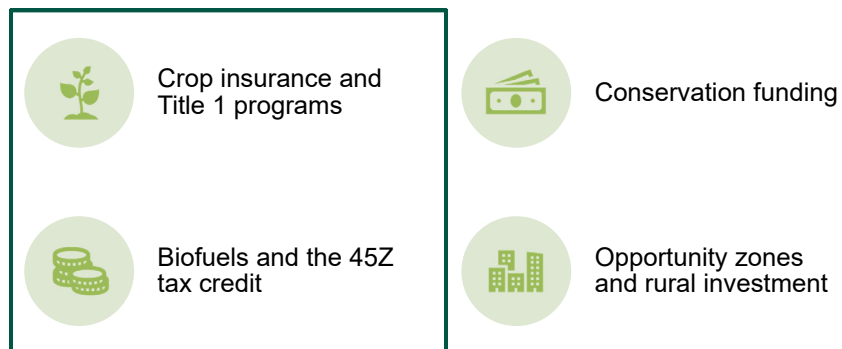


Biofuels and the 45Z  
tax credit

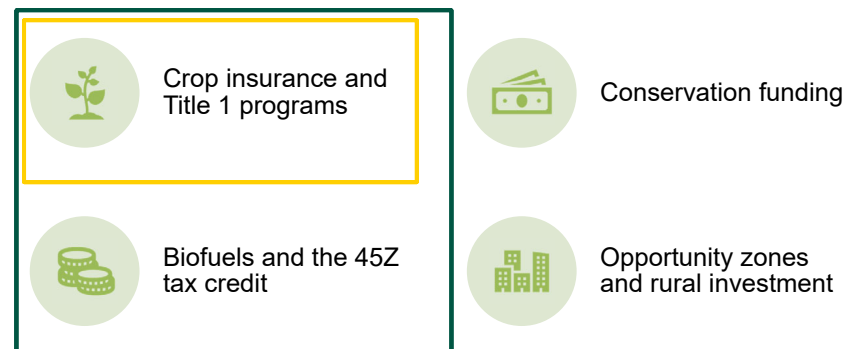


Opportunity zones  
and rural investment

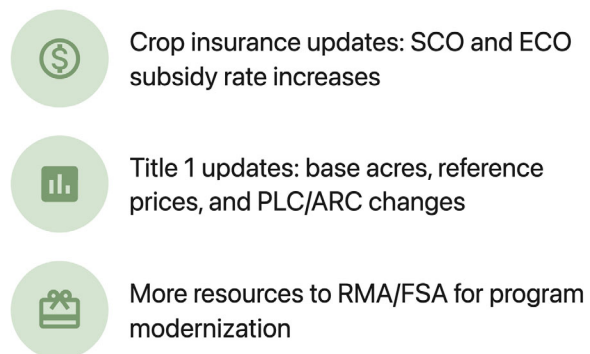
## Outline of talk



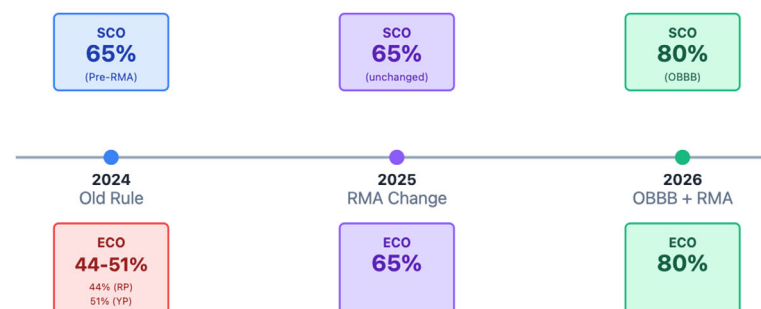
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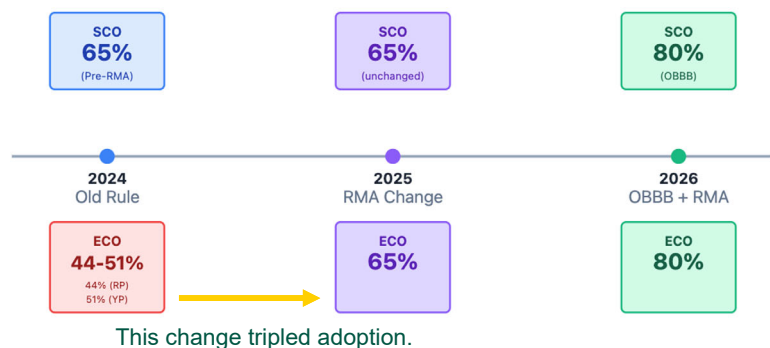
## Crop insurance and Title 1 programs



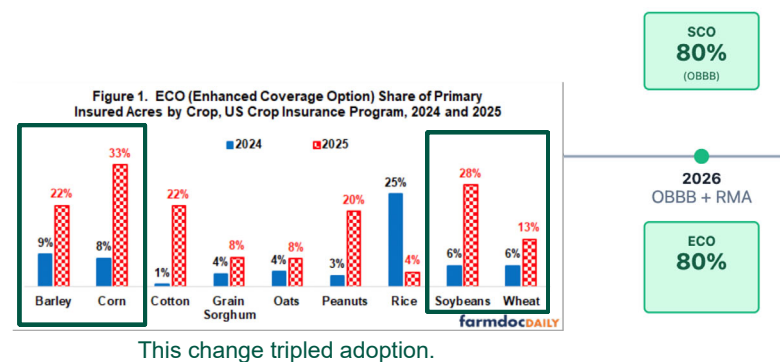
## SCO and ECO subsidy rate increases



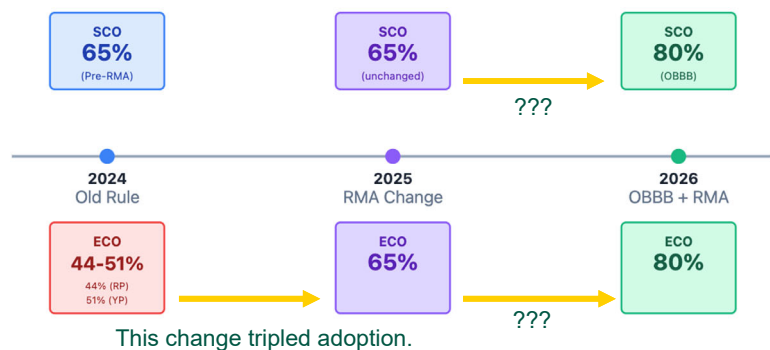
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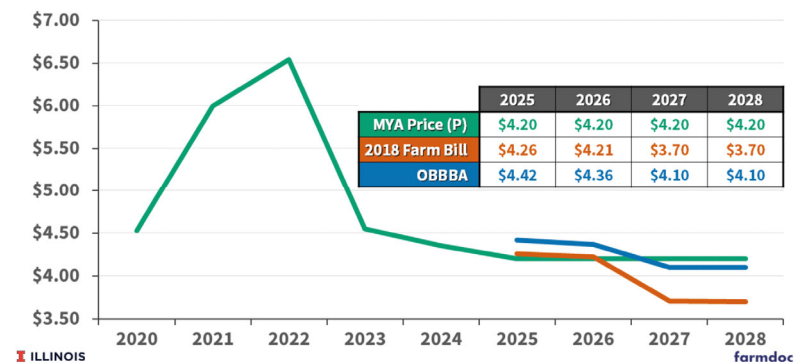
## Title 1 program changes

**ARC-CO strengthened.** Guarantee level boosted from 86% to 90% of benchmark revenue.

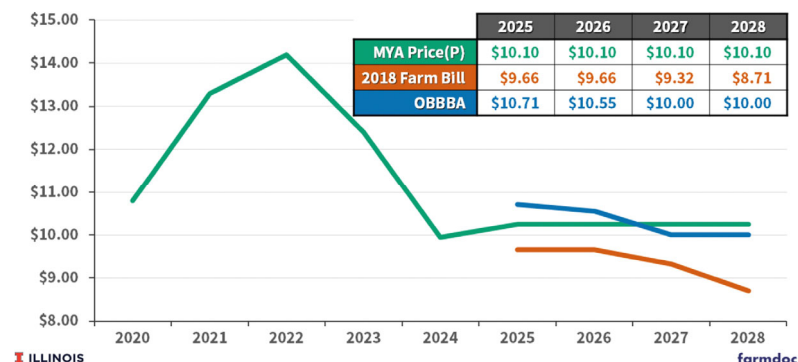
**Base acres increased.** USDA authorized to expand base acres by 30M based on 2019-2023 production history.

**Reference prices updated.** Increases PLC reference prices.

## Reference price updates: Corn



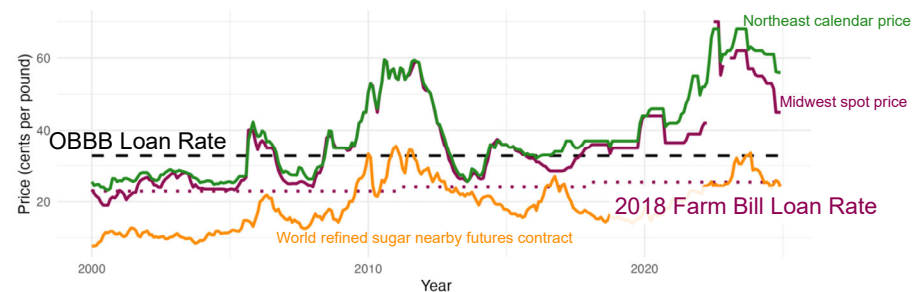
## Reference price updates: Soybeans



## Reference price updates: Wheat

	2025	2026	2027	2028
MYA Price (current WASDE estimate)	5.10	5.10	5.10	5.10
2018 Farm Bill Reference Price	5.50	5.50	5.50	5.50
OBBBA Reference Price	6.35	6.35	6.35	6.35

## Sugarbeet loan rate changes



## Resources to RMA/FSA for program modernization

**New funding backbone.** OBBB boosts RMA's admin/compliance budgets from \$6 M to \$10 M per year, giving USDA more capacity to modernize.

**Uniform evidence rules.** One national standard for prevented-planting, replant, and quality-loss documentation across all insurers.

**Streamlining acreage data reporting.** The Acreage Crop Reporting Streamlining Initiative (ACRSI) lets farmers submit acreage to FSA and RMA simultaneously.

**Digital-first paperwork.** Moves sign-ups, claims, and loan servicing toward e-signatures and online submissions instead of counter visits.

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Biofuels and the 45Z tax credit

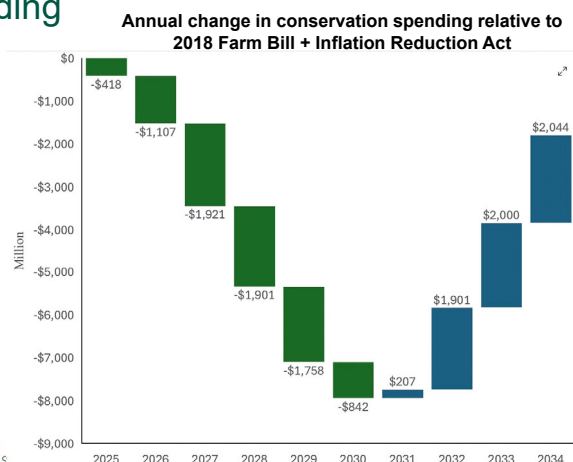


Opportunity zones and rural investment

## Conservation spending

The Inflation Reduction Act made a one-time investment of over \$18 billion in USDA conservation programs for climate-smart practices.

OBBBA reallocates some of these funds to general USDA conservation programs.



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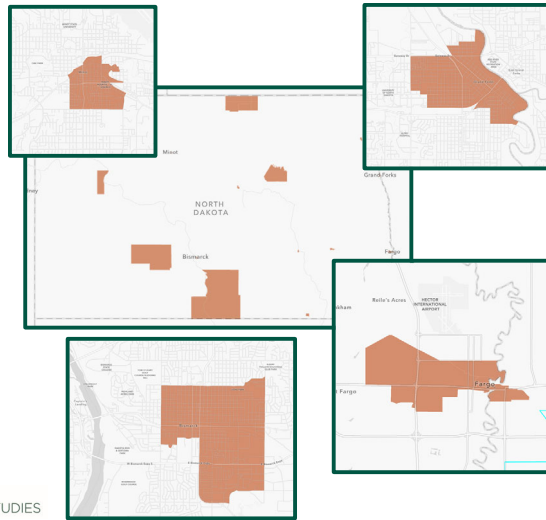
Opportunity zones and rural investment

## Opportunity zones

Investments in designated "Opportunity Zones" were eligible for tax-advantaged status under the TCJA.

The OBBB makes these provisions permanent.

Do these zones induce investment? Recent economic research is mixed-  
- some studies find small land price increases, others find none.



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Opportunity zones and rural investment

## What is the 45Z tax credit?

The Inflation Reduction Act (2022) created two key clean fuel credits: 40B (SAF blender credit) and 45Z (Clean Fuel Production Credit).

40B expired in 2024.

45Z took effect in January 2025, though Treasury has not yet finalized implementation guidance.

The fuel producer (not the blender or farmer) receives a tax credit, up to \$1.00/gallon.

## How will this work?

Fuel producers (e.g., ethanol refineries) will:

- Register with the IRS and EPA
- Use the Department of Energy's 45ZCF-GREET model to calculate the *carbon intensity* of their fuel.
- Under monitoring, reporting, and verification (MRV) process to document this carbon intensity score.
- Sell the fuel and claim the 45Z tax credit
- Keep records for 3 years

Fuel producers may contract with elevators, farmers, or carbon capture companies to further lower their carbon intensity score.

## What's a carbon intensity (CI) score and how to lower it?

A **Carbon Intensity (CI) score** is a numerical estimate of the total greenhouse gas emissions associated with producing a product — often expressed in grams of carbon dioxide equivalent per megajoule (gCO<sub>2</sub>e/MJ) for fuels

Three biggest ways to lower CI score:

- Capture & Store Fermentation CO<sub>2</sub>: -25 to -30 g/MJ
- Replace natural gas with biogas, RNG, or biomass: -10 to -15 g/MJ
- Source lower-CI feedstocks: -5 to -10 g/MJ  
(may reward no-till, low-N, local farms with better contracts)

Each g/MJ =

## The OBBBA's 4 big changes to 45Z

**OBBB extends 45Z expiration to from 2027 to 2029.** This gives refineries and ethanol plants runway but still very short for new Sustainable Aviation Fuel (SAF) and hydrogen projects.

**Maximum subsidy rate for SAF is lowered from \$1.75/gallon to \$1.00/gallon.**

**Restricts feedstocks to US, Mexico, and Canada.** Other feedstocks, notably Asian used-cooking oil imports, are ineligible.

**Indirect land use change is removed from carbon intensity scoring.** Treasury is instructed to drop indirect land-use change (ILUC) penalties from the GREET carbon intensity model.

## 45Z winners

**Ethanol and soy diesel producers.** Longer credit life, ILUC removal, and North American feedstock rules all raise their 45Z payouts.

**Corn and soybean farmers** benefit indirectly if part of the premium for 45Z-eligible feedstocks is passed through in the form of higher local basis or contract premiums for carbon-intensity-score reducing practices.

**Mexican tallow producers.** Key competing feedstocks are now ineligible.

## 45Z losers

**Sustainable Aviation Fuel (SAF) producers.** The maximum credit drops from \$1.75 to \$1.00/gal.

**Next-generation fuels.** A two-year extension is too little runway for new capital-intensive builds.

**West Coast refineries dependent on imported waste oils.** These lose access to 45Z credits once foreign feedstocks are banned.

**Some environmental and fiscal watchdog groups.** ILUC removal increases outlays and removes incentives for feedstocks with ILUC scores.

## Conclusions

The One Big Beautiful Bill Act isn't a Farm Bill, but for agricultural producers it includes some of the most important pieces of a typical Farm Bill.

Changes to crop insurance and Title 1 will require farmers revisit the economics of enrollment and coverage choices.

Conservation funding is still there, but shifts from a climate focus to a more traditional conservation focus.

Biofuels are entering an exciting and unprecedented era of fiscal support. Even a standard ethanol refinery without major capital upgrades is likely to qualify for credits.

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*Thank you! Questions?*