

## Support Propane in the Farm Bill

**The Issue:** Propane is a critical tool for farmers and ranchers across the United States who are facing tighter margins every single day. Agriculture producers and rural America will benefit significantly by eliminating storage barriers, increasing collaboration, and incentivizing increased propane storage.

**Background:** Agriculture producers face lower net farm income due to inflation and rising input costs. Even with the FY2023 Farm Bill expected to be the costliest Farm Bill ever, there is ample opportunity for Congress to make meaningful, low- to no-cost policy changes to alleviate agriculture producers' burdens. In addition, agriculture producers and rural communities would see compounding results and benefits by reducing barriers in the input supply chain.

A straightforward solution is bringing surety and flexibility to the propane supply chain. Propane is a critical tool for the more than 800,000 farmers and ranchers who face the monumental task of producing food, fuel, and fiber for Americans. When the harvest is wet or late, propane consumption is higher, which leaves many propane retailers undersupplied. For example, during the harvest and winter of 2013/2014, estimates for grain-drying demand for propane were more than 300 million gallons, 235 million gallons more than the previous year. After this extraordinary increase in agriculture use, suppliers "did not have the chance to rebuild propane inventories before the onset of early and cold winter." Eliminating storage barriers, increasing collaboration, and incentivizing increased storage will significantly benefit downstream impacts for agriculture producers and rural America.

The Chemical Facility Anti-Terrorism Standards (CFATS) is a Department of Homeland Security (DHS) program focused on "security at high-risk chemical facilities" that sets an arbitrary ceiling on the amount of propane any agriculture producer, household, or retailer can store. While DHS granted agriculture facilities exemptions from CFATS for products used in preparation for the treatment of crops, feed, land, livestock, or other areas of an agricultural production facility, DHS specifically did not include fuel or propane used for heating in the exemption. By providing a retail agriculture CFATS exemption for propane, agriculture facilities would benefit from the ability to expand storage at their respective facilities, which could eliminate potential supply constraints during early, wet, or other abnormal harvest seasons.

Additionally, the Farm Storage Facility Loan Program provides financing to grain producers to build or upgrade commodity storage facilities. However, legislative text and agency interpretation does not specifically outline propane storage as a qualified expense, even though over 80% of grain dryers run on propane. By clarifying the storage facility loan program to include the storage of propane and expanding propane storage loans, all agriculture producers, farmers, and ranchers from across the country can access additional capital to increase onsite propane storage.

**The Ask:** Support NPGA's farm bill requests to provide an agricultural retail exemption from CFATS and codify propane's inclusion into the Farm Storage Facility Loan Program. These requests will alleviate agriculture producers' supply chain constraints and economic pressures by reducing barriers to propane storage at farms and ranches nationwide.