

## Explainer: Sugar Program Provisions in the One Big Beautiful Bill Act

### Overview

The One Big Beautiful Bill Act (OBBA) includes several provisions updating the U.S. sugar program for crop years 2025–2031, addressing four key pillars of the program:

1. **Tariff-rate quotas (TRQs)**, which limit sugar imports;
2. **Sugar quality standards**, which are measured by polarity and signify the quality of sugar imports, with sugar above a certain threshold considered refined and sugar below considered raw;
3. **Marketing allotments**, which set limits on the amount of sugar processors can sell domestically; and
4. **Marketing assistance loans (MALs)**, which allow sugar processors to borrow from the U.S. Department of Agriculture (USDA) using sugar as collateral.

### Key Provisions

#### 1. New Requirements for TRQ Reallocation

The OBBA requires USDA to determine which quota-holding countries are not expected to fulfill their sugar import quotas and then reallocate those amounts to meet TRQ commitments.

- USDA must reallocate any raw sugar TRQ shortfall forecasted soon after the TRQ is established and again by March 1 of the quota year.
- These provisions apply unless the U.S.-Mexico suspension agreement ends and no countervailing duty order is in effect for Mexican sugar.
- Any TRQ adjustments under the farm bill made before April 1 must be made only in response to a sugar emergency shortage caused by events like war or natural disaster.

#### 2. Study on Refined Sugar Imports

The OBBA requires USDA to study whether additional terms and conditions are needed for refined sugar imports. A report on its findings must be submitted to Congress within one

year of enactment of the bill, which was on July 4, 2025. If needed, USDA is authorized to issue regulations, provided they:

- Do not adversely impact the domestic sugar industry,
- Are consistent with MAL program requirements, and
- Comply with U.S. international trade obligations approved by Congress.

Under current U.S. sugar policy, sugar with a polarity above 99.5 is considered “refined.” However, food manufacturers require sugar with a polarity of 99.8 or 99.9 to use in their products. As a result, much of the sugar imported under this designation must undergo further processing, which adds to the time and cost of production. Updating this standard would help ensure refined sugar imports are actually refined.

### 3. Extended Marketing Allotments

The OBBB extends the flexible marketing allotment provisions for sugar through crop year 2031.

- If total beet sugar marketing allotments are increased, USDA is required to prioritize increases for sugar beet processors with adequate sugar to sell.
- If sugar beet marketing allotments must be adjusted, USDA is required to reassign those allotments within 30 days following the release of its January World Agricultural Supply and Demand Estimates (WASDE) report.

### 4. Enhanced MAL Program

#### Increased Loan Support for Sugar Processors

The OBBB increases the MALs for sugar processors.

| Sugar Type     | Current MAL Rate | New MAL Rate (2025–2031) |
|----------------|------------------|--------------------------|
| Raw Cane Sugar | \$0.1975/lb      | \$0.24/lb                |
| Beet Sugar     | \$0.2538/lb      | \$0.3277/lb              |

*Source: Congressional Research Service.*

## Higher Storage Payments for Forfeited Sugar

When processors forfeit sugar used as collateral for MALs, USDA pays them to store it. The OBBB increases these storage rates.

| Sugar Type     | Current Storage Loan Rate | New Storage Loan Rate (2025–2031) |
|----------------|---------------------------|-----------------------------------|
| Refined Sugar  | ≥ \$0.15 per cwt*/month   | ≥ \$0.34 per cwt/month            |
| Raw Cane Sugar | ≥ \$0.10 per cwt/month    | ≥ \$0.27 per cwt/month            |

*Source: Congressional Research Service. \*Cwt is an abbreviation for hundredweight.*

*The Sweetener Users Association (SUA) represents American food companies that use sugar to make the products U.S. consumers know and love — from sweet treats to everyday staples like bread, pasta sauce, yogurt and peanut butter. Sugar-using companies employ hundreds of thousands of Americans across the United States, including bakers, confectioners, factory workers and more.*

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