

1 **Purpose: In the nature of a substitute.**

2

3

4 **(no.) \_\_\_\_\_**

5

6 ~~Title:~~ To reauthorize agricultural programs through 2017, and  
7 for other purposes.

8

9 **Referred to the Committee on \_\_\_\_\_ and ordered to be**  
10 **printed**

11 **Ordered to lie on the table and to be printed**

12 **AMENDMENT IN THE NATURE OF A SUBSTITUTE INTENDED TO**  
13 **BE PROPOSED BY MS. STABENOW (for herself and Mr.**  
14 **ROBERTS)**

15 **Viz:**

16 **Strike all after the enacting clause and insert the following:** ~~Be it enacted by the Senate and~~  
17 ~~House of Representatives of the United States of America in Congress assembled,~~

18 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

19 (a) In General.—This Act may be cited as the “      ”**Agriculture Reform, Food, and Jobs**  
20 **Act of 2012”.**

21 (b) Table of Contents.—The table of contents for this Act is as follows:

22 Sec.1.Short title; table of contents.

23 Sec.2.Definition of Secretary.

24 **TITLE I—COMMODITY PROGRAMS**

25 **Subtitle A—Repeals and Reforms**

26 Sec.1101.Repeal of direct payments.

27 Sec.1102.Repeal of counter-cyclical payments.

28 Sec.1103.Repeal of average crop revenue election program.

29 Sec.1104.Definitions.

30 Sec.1105.Agriculture risk coverage.

31 Sec.1106.Producer agreement required as condition of provision of payments.

1 Sec.1107.Period of effectiveness.

2 **Subtitle B—Marketing Assistance Loans and Loan Deficiency**  
3 **Payments**

4 Sec.1201.Availability of nonrecourse marketing assistance loans for loan commodities.

5 Sec.1202.Loan rates for nonrecourse marketing assistance loans.

6 Sec.1203.Term of loans.

7 Sec.1204.Repayment of loans.

8 Sec.1205.Loan deficiency payments.

9 Sec.1206.Payments in lieu of loan deficiency payments for grazed acreage.

10 Sec.1207.Special marketing loan provisions for upland cotton.

11 Sec.1208.Special competitive provisions for extra long staple cotton.

12 Sec.1209.Availability of recourse loans for high moisture feed grains and seed cotton.

13 Sec.1210.Adjustments of loans.

14 **Subtitle C—Sugar**

15 Sec.1301.Sugar program.

16 **Subtitle D—Dairy**

17 **PART I—Dairy Production Margin Protection and Dairy Market**  
18 **Stabilization Programs**

19 Sec.1401.Definitions.

20 Sec.1402.Calculation of average feed cost and actual dairy production margins.

21 **subpart a—dairy production margin protection program**

22 Sec.1411.Establishment of dairy production margin protection program.

23 Sec.1412.Participation of dairy operations in production margin protection program.

24 Sec.1413.Production history of participating dairy operations.

25 Sec.1414.Basic production margin protection.

26 Sec.1415.Supplemental production margin protection.

27 Sec.1416.Effect of failure to pay ~~participation~~ **administration** fees or premiums.

28 **subpart b—dairy market stabilization program**

29 Sec.1431.Establishment of dairy market stabilization program.

30 Sec.1432.Threshold for implementation and reduction in dairy payments.

- 1 Sec.1433.Milk marketings information.
- 2 Sec.1434.Calculation and collection of reduced dairy operation payments.
- 3 Sec.1435.Remitting funds to the Secretary and use of funds.
- 4 Sec.1436.Suspension of reduced payment requirement.
- 5 Sec.1437.Enforcement.
- 6 Sec.1438.Audit requirements.
- 7 **Sec.1439.Study; report.**

## 8 subpart c—duration

- 9 Sec.1451.Duration.

## 10 PART II—Dairy Market Transparency

- 11 Sec.1461.Dairy product mandatory reporting.
- 12 Sec.1462.Federal milk marketing order information.

## 13 PART III—Repeal or Reauthorization of Other Dairy-related 14 Provisions

- 15 Sec.1471.Repeal of dairy product price support and milk income loss contract programs.
- 16 Sec.1472.Repeal of dairy export incentive program.
- 17 Sec.1473.Extension of dairy forward pricing program.
- 18 Sec.1474.Extension of dairy indemnity program.
- 19 Sec.1475.Extension of dairy promotion and research program.
- 20 Sec.1476.Extension of Federal Milk Marketing Order Review Commission.

## 21 PART IV—Effective Date

- 22 Sec.1481.Effective date.

## 23 Subtitle E—Supplemental Agricultural Disaster Assistance 24 Programs

- 25 Sec.1501.Supplemental agricultural disaster assistance programs.
- 26 Sec.1502.Conforming amendments.

## 27 Subtitle F—Administration

- 28 Sec.1601.Administration generally.
- 29 Sec.1602.Suspension of permanent price support authority.
- 30 Sec.1603.Payment limitations.

- 1 Sec.1604.Adjusted gross income limitation.
- 2 Sec.1605.Geographically disadvantaged farmers and ranchers.
- 3 Sec.1606.Personal liability of producers for deficiencies.
- 4 Sec.1607.Prevention of deceased individuals receiving payments under farm commodity
- 5 programs.
- 6 Sec.1608.Appeals.
- 7 Sec.1609.Technical corrections.
- 8 Sec.1610.Assignment of payments.
- 9 Sec.1611.Tracking of benefits.
- 10 Sec.1612.Signature authority.
- 11 Sec.1613.Implementation.

## 12 TITLE II—CONSERVATION

### 13 Subtitle A—Conservation Reserve Program

- 14 Sec.2001.Extension and enrollment requirements of conservation reserve program.
- 15 Sec.2002.Farmable wetland program.
- 16 Sec.2003.Duties of owners and operators.
- 17 Sec.2004.Duties of the Secretary.
- 18 Sec.2005.Payments.
- 19 Sec.2006.Contract requirements.
- 20 Sec.2007.Conversion of land subject to contract to other conserving uses.
- 21 Sec.2008.Effective date.

### 22 Subtitle B—Conservation Stewardship Program

- 23 Sec.2101.Conservation stewardship program.

### 24 Subtitle C—Environmental Quality Incentives Program

- 25 Sec.2201.Purposes.
- 26 Sec.2202.Definitions.
- 27 Sec.2203.Establishment and administration.
- 28 Sec.2204.Evaluation of applications.
- 29 Sec.2205.Duties of producers.
- 30 Sec.2206.Limitation on payments.
- 31 Sec.2207.Conservation innovation grants and payments.

1 Sec.2208.Effective date.

## 2 Subtitle D—Agricultural Conservation Easement Program

3 Sec.2301.Agricultural Conservation Easement Program.

## 4 Subtitle E—Regional Conservation Partnership Program

5 Sec.2401.Regional Conservation Partnership Program.

## 6 Subtitle F—Other Conservation Programs

7 Sec.2501.Conservation of private grazing land.

8 Sec.2502.Grassroots source water protection program.

9 Sec.2503.Voluntary public access and habitat incentive program.

10 Sec.2504.Agriculture conservation experienced services program.

11 Sec.2505.Small watershed rehabilitation program.

12 **Sec.2506.Terminal lakes assistance.**

## 13 Subtitle G—Funding and Administration

14 Sec.2601.Funding.

15 Sec.2602.Technical assistance.

16 Sec.2603.Regional equity.

17 Sec.2604.Reservation of funds to provide assistance to certain farmers or ranchers for  
18 conservation access.

19 Sec.2605.Annual report on program enrollments and assistance.

20 Sec.2606.Administrative requirements for conservation programs.

21 Sec.2607.Rulemaking authority.

22 Sec.2608.Standards for State technical committees.

## 23 Subtitle H—Repeal of Superseded Program Authorities and 24 Transitional Provisions

25 Sec.2701.Comprehensive conservation enhancement program.

26 Sec.2702.Emergency forestry conservation reserve program.

27 Sec.2703.Wetlands reserve program.

28 Sec.2704.Farmland protection program and farm viability program.

29 Sec.2705.Grassland reserve program.

30 Sec.2706.Agricultural water enhancement program.

31 Sec.2707.Wildlife habitat incentive program.

- 1 Sec.2708.Great Lakes basin program.
- 2 Sec.2709.Chesapeake Bay watershed program.
- 3 Sec.2710.Cooperative conservation partnership initiative.
- 4 Sec.2711.Environmental easement program.
- 5 Sec.2712.Technical amendments.

## 6 TITLE III—TRADE

### 7 Subtitle A—Food for Peace Act

- 8 Sec.3001.Set-aside for support for organizations through which nonemergency assistance is
- 9 provided.
- 10 Sec.3002.Food aid quality.
- 11 Sec.3003.Minimum levels of assistance.
- 12 Sec.3004.Reauthorization of Food Aid Consultative Group.
- 13 Sec.3005.Oversight, monitoring, and evaluation of Food for Peace Act programs.
- 14 Sec.3006.Assistance for stockpiling and rapid transportation, delivery, and distribution of
- 15 shelf-stable prepackaged foods.
- 16 Sec.3007.Limitation on total volume of commodities monetized.
- 17 Sec.3008.Flexibility.
- 18 Sec.3009.Procurement, transportation, and storage of agricultural commodities for prepositioning
- 19 in the United States and foreign countries.
- 20 Sec.3010.Deadline for agreements to finance sales or to provide other assistance.
- 21 Sec.3011.Minimum level of nonemergency food assistance.
- 22 Sec.3012.Coordination of foreign assistance programs report.
- 23 Sec.3013.Micronutrient fortification programs.
- 24 Sec.3014.John Ogonowski and Doug Bereuter Farmer-to-Farmer Program.

### 25 Subtitle B—Agricultural Trade Act of 1978

- 26 ~~Sec.3101.Funding for export~~ **Sec.3101.Export credit guarantee program programs.**
- 27 Sec.3102.Funding for market access program.
- 28 Sec.3103.Foreign market development cooperator program.

### 29 Subtitle C—Other Agricultural Trade Laws

- 30 Sec.3201.Food for Progress Act of 1985.
- 31 Sec.3202.Bill Emerson Humanitarian Trust.
- 32 Sec.3203.Promotion of agricultural exports to emerging markets.

- 1 Sec.3204.McGovern-Dole International Food for Education and Child Nutrition Program.
- 2 Sec.3205.Technical assistance for specialty crops.
- 3 Sec.3206.Global Crop Diversity Trust.
- 4 Sec.3207.Local and regional food aid procurement projects.
- 5 Sec.3208.Donald Payne Horn of Africa food resilience program.

## 6 TITLE IV—NUTRITION

### 7 Subtitle A—Supplemental Nutrition Assistance Program

- 8 Sec.4001.Food distribution program on Indian reservations.
- 9 Sec.4002.Standard utility allowances based on the receipt of energy assistance payments.
- 10 Sec.4003.Eligibility disqualifications.
- 11 Sec.4004.Ending supplemental nutrition assistance program benefits for lottery or gambling
- 12 winners.
- 13 Sec.4005.Retailers.
- 14 Sec.4006.Improving security of food assistance.
- 15 Sec.4007.Technology modernization for retailers.
- 16 Sec.4008.Restaurant meals program.
- 17 ~~Sec.4009.Funding of employment and training programs.~~ **Sec.4009.Quality control error rate**
- 18 **determination.**
- 19 Sec.4010.Authorization of appropriations.
- 20 Sec.4011.Assistance for community food projects.
- 21 Sec.4012.Emergency food assistance.
- 22 Sec.4013.Nutrition education.
- 23 Sec.4014.Retailer and recipient trafficking.
- 24 Sec.4015.Technical and conforming amendments.

### 25 Subtitle B—Commodity Distribution Programs

- 26 Sec.4101.Commodity distribution program.
- 27 Sec.4102.Commodity supplemental food program.
- 28 Sec.4103.Distribution of surplus commodities to special nutrition projects.
- 29 Sec.4104.Technical and conforming amendments.

### 30 Subtitle C—Miscellaneous

- 31 Sec.4201.Purchase of fresh fruits and vegetables for distribution to schools and service
- 32 institutions.

- 1 Sec.4202.Seniors farmers’ market nutrition program.  
2 Sec.4203.Nutrition information and awareness pilot program.  
3 Sec.4204.Whole grain products.  
4 Sec.4205.Hunger-free communities.

5 **Sec.4206.Healthy Food Financing Initiative.**

6 **TITLE V—CREDIT**

7 **Subtitle A—Farmer Loans, Servicing, and Other Assistance**  
8 **Under the Consolidated Farm and Rural Development Act**

- 9 Sec.5001.Farmer loans, servicing, and other assistance under the Consolidated Farm and Rural  
10 Development Act.

11 ~~**Subtitle B—State Agricultural Mediation Programs**~~

12 **B—Miscellaneous**

- 13 Sec.5101.State agricultural mediation programs.  
14 **Sec.5102.Loans to purchasers of highly fractionated land.**  
15 **Sec.5103.Removal of duplicative appraisals.**

16 **TITLE VI—RURAL DEVELOPMENT**

17 **Subtitle A—Reorganization of the Consolidated Farm and Rural**  
18 **Development Act**

- 19 Sec.6001.Reorganization of the Consolidated Farm and Rural Development Act.  
20 Sec.6002.Conforming amendments.

21 **Subtitle B—Rural Electrification**

- 22 Sec.6101.Definition of rural area.  
23 Sec.6102.Guarantees for bonds and notes issued for electrification or telephone purposes.  
24 Sec.6103.Expansion of 911 access.  
25 Sec.6104.Access to broadband telecommunications services in rural areas.

26 **Subtitle C—Miscellaneous**

- 27 Sec.6201.Distance learning and telemedicine.

28 **TITLE VII—RESEARCH, EXTENSION, AND RELATED**  
29 **MATTERS**

30 **Subtitle A—National Agricultural Research, Extension, and**

1 **Teaching Policy Act of 1977**

2 Sec.7101.National Agricultural Research, Extension, Education, and Economics Advisory  
3 Board.

4 Sec.7102.Specialty crop committee.

5 Sec.7103.Veterinary services grant program.

6 Sec.7104.Grants and fellowships for food and agriculture sciences education.

7 Sec.7105.Agricultural and food policy research centers.

8 ~~Sec.7106.Nutrition education program.~~ **Sec.7106.Education grants to Alaska Native serving**  
9 **institutions and Native Hawaiian serving institutions.**

10 ~~Sec.7107.Continuing~~ **Sec.7107.Nutrition education program.**

11 **Sec.7108.Continuing** animal health and disease research programs.

12 ~~Sec.7108.Grants~~ **Sec.7109.Grants** to upgrade agricultural and food sciences facilities at 1890  
13 land-grant colleges, including Tuskegee University.

14 ~~Sec.7109.Grants~~ **Sec.7110.Grants** to upgrade agricultural and food sciences facilities and  
15 equipment at insular area land-grant institutions.

16 ~~Sec.7110.Hispanic~~ **Sec.7111.Hispanic**-serving institutions.

17 ~~Sec.7111.Competitive~~ **Sec.7112.Competitive** grants for international agricultural science and  
18 education programs.

19 ~~Sec.7112.University~~ **Sec.7113.University** research.

20 ~~Sec.7113.Extension~~ **Sec.7114.Extension** service.

21 ~~Sec.7114.Supplemental~~ **Sec.7115.Supplemental** and alternative crops.

22 ~~Sec.7115.Capacity~~ **Sec.7116.Capacity** building grants for NLGCA institutions.

23 ~~Sec.7116.Aquaculture~~ **Sec.7117.Aquaculture** assistance programs.

24 ~~Sec.7117.Rangeland~~ **Sec.7118.Rangeland** research programs.

25 ~~Sec.7118.Special~~ **Sec.7119.Special** authorization for biosecurity planning and response.

26 ~~Sec.7119.Distance~~ **Sec.7120.Distance** education and resident instruction grants program for  
27 insular area institutions of higher education.

28 **Subtitle B—Food, Agriculture, Conservation, and Trade Act of**  
29 **1990**

30 Sec.7201.Best utilization of biological applications.

31 Sec.7202.Integrated management systems.

32 Sec.7203.Sustainable agriculture technology development and transfer program.

33 Sec.7204.National training program.

34 Sec.7205.National Genetics Resources Program.

- 1 Sec.7206.National Agricultural Weather Information System.
- 2 Sec.7207.High-priority research and extension initiatives.
- 3 Sec.7208.Organic agriculture research and extension initiative.
- 4 Sec.7209.Farm business management.
- 5 Sec.7210.Regional centers of excellence.
- 6 Sec.7211.Assistive technology program for farmers with disabilities.
- 7 Sec.7212.National rural information center clearinghouse.

## 8 Subtitle C—Agricultural Research, Extension, and Education 9 Reform Act of 1998

- 10 Sec.7301.Relevance and merit of agricultural research, extension, and education funded by the  
11 Department.
- 12 Sec.7302.Integrated research, education, and extension competitive grants program.
- 13 **Sec.7303.Support for research regarding diseases of wheat, triticale, and barley caused by**  
14 **Fusarium graminearum or by Tilletia indica.**
- 15 **Sec.7304.Grants** ~~Sec.7303.Grants~~ for youth organizations.
- 16 ~~Sec.7304.Specialty~~ **Sec.7305.Specialty** crop research initiative.
- 17 ~~Sec.7305.Food~~ **Sec.7306.Food** animal residue avoidance database program.
- 18 ~~Sec.7306.Office~~ **Sec.7307.Office** of pest management policy.
- 19 **Sec.7308.Authorization of regional integrated pest management centers.**

## 20 Subtitle D—Other Laws

- 21 Sec.7401.Critical Agricultural Materials Act.
- 22 Sec.7402.Equity in Educational Land-Grant Status Act of 1994.
- 23 Sec.7403.Research Facilities Act.
- 24 Sec.7404.Competitive, Special, and Facilities Research Grant Act.
- 25 Sec.7405.Enhanced use lease authority pilot program under Department of Agriculture  
26 Reorganization Act of 1994.
- 27 Sec.7406.Renewable Resources Extension Act of 1978.
- 28 Sec.7407.National Aquaculture Act of 1980.
- 29 Sec.7408.Beginning farmer and rancher development program under Farm Security and Rural  
30 Investment Act of 2002.

## 31 Subtitle E—Food, Conservation, and Energy Act of 2008

## 32 PART I—Agricultural Security

- 1 Sec.7501.Agricultural biosecurity communication center.  
2 Sec.7502.Assistance to build local capacity in agricultural biosecurity planning, preparation, and  
3 response.  
4 Sec.7503.Research and development of agricultural countermeasures.  
5 Sec.7504.Agricultural biosecurity grant program.

## 6 PART II—Miscellaneous

- 7 Sec.7511.Grazinglands research laboratory.  
8 Sec.7512.Budget submission and funding.  
9 Sec.7513.Natural products research program.  
10 Sec.7514.Sun grant program.

## 11 Subtitle F—Miscellaneous

- 12 Sec.7601.Foundation for Food and Agriculture Research.

## 13 TITLE VIII—FORESTRY

### 14 Subtitle A—Repeal of Certain Forestry Programs

- 15 Sec.8001.Forest land enhancement program.  
16 Sec.8002.Watershed forestry assistance program.  
17 Sec.8003.Expired cooperative national forest products marketing program.  
18 Sec.8004.Hispanic-serving institution agricultural land national resources leadership program.  
19 Sec.8005.Tribal watershed forestry assistance program.

### 20 Subtitle B—Reauthorization of Cooperative Forestry Assistance 21 Act of 1978 Programs

- 22 ~~Sec.8101.Forest Legacy Program.~~ **Sec.8101.State-wide assessment and strategies for forest**  
23 **resources.**  
24 ~~Sec.8102.Community~~ **Sec.8102.Forest stewardship program.**  
25 **Sec.8103.Forest Legacy Program.**  
26 **Sec.8104.Community** forest and open space conservation program.  
27 **Sec.8105.Urban and community forestry assistance.**

### 28 Subtitle C—Reauthorization of Other Forestry-related Laws

- 29 Sec.8201.Rural revitalization technologies.  
30 Sec.8202.Office of International Forestry.  
31 Sec.8203.Insect infestations and related diseases.

1 Sec.8204.Change in funding source for healthy forests reserve program.

2 Sec.8205.Stewardship end result contracting projects.

3 **Sec.8206.Healthy forests reserve program.**

## 4 Subtitle D—Miscellaneous Provisions

5 Sec.8301.McIntire-Stennis Cooperative Forestry Act.

6 Sec.8302.Revision of strategic plan for forest inventory and analysis.

## 7 TITLE IX—ENERGY

8 Sec.9001.Definition of renewable chemical.

9 Sec.9002.Biobased markets program.

10 Sec.9003.Biorefinery, renewable chemical, and biobased product manufacturing assistance.

11 Sec.9004.Repeal of repowering assistance program and transfer of remaining funds.

12 Sec.9005.Bioenergy program for advanced biofuels.

13 Sec.9006.Biodiesel fuel education program.

14 Sec.9007.Rural Energy for America Program.

15 Sec.9008.Biomass research and development.

16 Sec.9009.Feedstock flexibility program for bioenergy producers.

17 Sec.9010.Biomass Crop Assistance Program.

18 Sec.9011.Repeal of forest biomass for energy.

19 Sec.9012.Community wood energy program.

20 Sec.9013.Repeal of renewable fertilizer study.

## 21 TITLE X—HORTICULTURE

22 Sec.10001.Specialty crops market news allocation.

23 Sec.10002.Repeal of grant program to improve movement of specialty crops.

24 Sec.10003.Farmers market and local food promotion program.

25 Sec.10004.Study on local food production and program evaluation.

26 Sec.10005.Organic agriculture.

27 Sec.10006.Food safety education initiatives.

28 Sec.10007.Consolidation of plant pest and disease management and disaster prevention  
29 programs.

30 Sec.10008.Specialty crop block grants.

31 **Sec.10009.Recordkeeping, investigations, and enforcement.**

32 **Sec.10010.Report on honey.**

1 ~~Sec.10011.Effective~~ ~~Sec.10009.Effective~~ date.

## 2 TITLE XI—CROP INSURANCE

3 ~~Sec.11001.Supplemental~~ coverage option.

4 ~~Sec.11002.Permanent enterprise unit.~~ **Sec.11002.Premium amounts for catastrophic risk**  
5 **protection.**

6 ~~Sec.11003.Enterprise~~ **Sec.11003.Permanent enterprise unit.**

7 **Sec.11004.Enterprise** units for irrigated and nonirrigated crops.

8 ~~Sec.11004.Data~~ **Sec.11005.Data** collection.

9 ~~Sec.11005.Adjustment~~ **Sec.11006.Adjustment** in actual production history to establish insurable  
10 yields.

11 ~~Sec.11006.Submission~~ **Sec.11007.Submission** and review of policies.

12 ~~Sec.11007.Board~~ **Sec.11008.Board** review and approval.

13 ~~Sec.11008.Consultation.~~ **Sec.11009.Consultation.**

14 ~~Sec.11009.Budget~~ **Sec.11010.Budget** limitations on renegotiation of the standard reinsurance  
15 agreement.

16 ~~Sec.11010.Stacked~~ **Sec.11011.Stacked** income protection plan for producers of upland cotton.

17 ~~Sec.11011.Peanut~~ **Sec.11012.Peanut** revenue crop insurance.

18 ~~Sec.11012.Authority~~ **Sec.11013.Authority** to correct errors.

19 ~~Sec.11013.Implementation.~~ **Sec.11014.Implementation.**

20 ~~Sec.11014.Approval~~ **Sec.11015.Approval** of costs for research and development.

21 ~~Sec.11015.Whole~~ **Sec.11016.Whole** farm risk management insurance.

22 ~~Sec.11016.Research and development.~~ **Sec.11017.Crop insurance for livestock.**

23 ~~Sec.11017.Pilot programs.~~ **Sec.11018.Margin coverage for catfish.**

24 ~~Sec.11018.Agricultural~~ **Sec.11019.Research and development.**

25 **Sec.11020.Pilot programs.**

26 **Sec.11021.Index-based weather insurance pilot program.**

27 **Sec.11022.Enhancing producer self-help through farm financial benchmarking.**

28 **Sec.11023.Beginning farmer and rancher provisions.**

29 **Sec.11024.Agricultural** management assistance, risk management education, and organic  
30 certification cost share assistance.

31 **Sec.11025.Crop production on native sod.**

32 **Sec.11026.Technical** ~~Sec.11019.Technical~~ amendments.

## 33 TITLE XII—MISCELLANEOUS

1 Subtitle A—Socially Disadvantaged Producers and Limited  
2 Resource Producers

3 Sec.12001.Outreach and assistance for socially disadvantaged farmers and ranchers **and veteran**  
4 **farmers and ranchers.**

5 Sec.12002.Office of Advocacy and Outreach.

6 Subtitle B—Livestock

7 Sec.12101.Wildlife reservoir zoonotic disease initiative.

8 Sec.12102.Trichinae certification program.

9 Sec.12103.National Aquatic Animal Health Plan.

10 Sec.12104.Sheep production and marketing grant program.

11 Sec.12105.Feral swine eradication pilot program.

12 Subtitle C—Other Miscellaneous Provisions

13 **Sec.12201.Military veterans agricultural liaison.**

14 **Sec.12202.Information gathering.**

15 **Sec.12203.Grants** ~~Sec.12201.Grants~~ to improve supply, stability, safety, and training of  
16 agricultural labor force.

17 ~~Sec.12202.Noninsured~~ **Sec.12204.Noninsured** crop disaster assistance program.

18 ~~Sec.12203.Regional~~ **Sec.12205.Regional** economic and infrastructure development.

19 **Sec.12206.Canada geese removal.**

20 SEC. 2. DEFINITION OF SECRETARY.

21 In this Act, the term “Secretary” means the Secretary of Agriculture.

22 TITLE I—COMMODITY PROGRAMS

23 Subtitle A—Repeals and Reforms

24 SEC. 1101. REPEAL OF DIRECT PAYMENTS.

25 (a) Repeal.—Sections 1103 and 1303 of the Food, Conservation, and Energy Act of 2008 (7  
26 U.S.C. 8713, 8753) are repealed.

27 (b) Continued Application for 2012 Crop Year.—Sections 1103 and 1303 of the Food,  
28 Conservation, and Energy Act of 2008 (7 U.S.C. 8713, 8753), as in effect on the day before the  
29 date of enactment of this Act, shall continue to apply through the 2012 crop year with respect to  
30 all covered commodities (as defined in section 1001 of that Act (7 U.S.C. 8702)) (**except pulse**  
31 **crops**) and peanuts on a farm.

32 SEC. 1102. REPEAL OF COUNTER-CYCLICAL

## 1 PAYMENTS.

2 (a) Repeal.—Sections 1104 and 1304 of the Food, Conservation, and Energy Act of 2008 (7  
3 U.S.C. 8714, 8754) are repealed.

4 (b) Continued Application for 2012 Crop Year.—Sections 1104 and 1304 of the Food,  
5 Conservation, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as in effect on the day before the  
6 date of enactment of this Act, shall continue to apply through the 2012 crop year with respect to  
7 all covered commodities (as defined in section 1001 of that Act (7 U.S.C. 8702)) and peanuts on  
8 a farm.

## 9 SEC. 1103. REPEAL OF AVERAGE CROP REVENUE 10 ELECTION PROGRAM.

11 (a) Repeal.—Section 1105 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
12 8715) is repealed.

13 (b) Continued Application for 2012 Crop Year.—Section 1105 of the Food, Conservation, and  
14 Energy Act of 2008 (7 U.S.C. 8715), as in effect on the day before the date of enactment of this  
15 Act, shall continue to apply through the 2012 crop year with respect to all covered commodities  
16 (as defined in section 1001 of that Act (7 U.S.C. 8702)) and peanuts on a farm for which the  
17 irrevocable election under section 1105 of that Act is made before the date of enactment of this  
18 Act.

## 19 SEC. 1104. DEFINITIONS.

20 In this subtitle, subtitle B, and subtitle F:

21 (1) ACTUAL CROP REVENUE.—The term “actual crop revenue”, with respect to a covered  
22 commodity for a crop year, means the amount determined by the Secretary under section  
23 1105(c)(3) to determine whether agriculture risk coverage payments are required to be made  
24 for that crop year.

25 (2) AGRICULTURE RISK COVERAGE GUARANTEE.—The term “agriculture risk coverage  
26 guarantee”, with respect to a covered commodity for a crop year, means the amount  
27 determined by the Secretary under section 1105(c)(4) ~~to determine~~ **that establishes** whether  
28 agriculture risk coverage payments are required to be made for that crop year.

29 (3) AGRICULTURE RISK COVERAGE PAYMENT.—The term “agriculture risk coverage  
30 payment” means a payment under section 1105(c).

31 (4) COUNTY COVERAGE.—For the purposes of agriculture risk coverage under section  
32 1105, the term “county coverage” means coverage determined using the total quantity of all  
33 acreage in a county of the covered commodity that is planted or ~~intended to be prevented~~  
34 **from being** planted for harvest by a producer with the yield determined by the average  
35 county yield described in subsection (c) of that section.

36 (5) COVERED COMMODITY.—~~THE COMMODITY.~~—

37 (A) **IN GENERAL.**—The term “covered commodity” means wheat, corn, grain  
38 sorghum, barley, oats, long grain rice, medium grain rice, pulse crops, soybeans, other  
39 oilseeds, and peanuts.

1                   **(B) POPCORN.—The Secretary—**

2                   **(i) shall study the feasibility of including popcorn as a covered commodity**  
3                   **by 2014; and**

4                   **(ii) if the Secretary determines it to be feasible, may designate popcorn as a**  
5                   **covered commodity.**

6                   **(6) ELIGIBLE ACRES.—**

7                   **(A) IN GENERAL.—**Except as provided in subparagraphs (B) through (E), the term  
8                   “eligible acres” means all acres planted or prevented from being planted to **all** covered  
9                   commodities on a farm in any crop year.

10                   **(B) MAXIMUM.—**Except as provided in (C), the total quantity of eligible acres on a  
11                   farm determined under subparagraph (A) shall not exceed the average total acres  
12                   planted or prevented from being planted to covered commodities **and upland cotton**  
13                   on the farm for the 2009 through 2012 crop years, as determined by the Secretary.

14                   **(C) ADJUSTMENT.—**The Secretary shall provide for an adjustment, as appropriate, in  
15                   the eligible acres for covered commodities for a farm if any of the following  
16                   circumstances occurs:

17                   (i) If a conservation reserve contract for a farm in a county entered into under  
18                   section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) expires or is  
19                   voluntarily terminated or cropland is released from coverage under a conservation  
20                   reserve contract, the Secretary shall provide for an adjustment, as appropriate, in  
21                   the eligible acres for the farm to a total quantity that is the higher of—

22                   (I) the total base acreage for the farm, less any upland cotton base acreage,  
23                   that was suspended during the conservation reserve contract; or

24                   (II) the product obtained by multiplying—

25                   (aa) the average proportion that—

26                   (AA) the total number of acres planted to covered commodities  
27                   **and upland cotton** in the county for crop years 2009 through 2012;  
28                   bears to

29                   (BB) the total number of all acres of covered commodities,  
30                   grassland, and upland cotton acres in the county for the same crop  
31                   years; by

32                   (bb) the total acres on the farm.

33                   (ii) The producer has eligible oilseed acreage as the result of the Secretary  
34                   designating additional oilseeds, which shall be determined in the same manner as  
35                   eligible oilseed acreage under section 1101(a)(1)(D) of the Food, Conservation,  
36                   and Energy Act of 2008 (7 U.S.C. 8711(a)(1)(D)).

37                   (iii) The producer has any acreage not cropped during the 2009 through 2012  
38                   crop years, but placed into an established ~~annual~~ rotation practice for the purposes  
39                   of enriching land or conserving moisture for subsequent crop years, including  
40                   summer fallow, as determined by the Secretary.

1           **(D) EXCLUSION.—The term “eligible acres” does not include any crop**  
2           **subsequently planted during the same crop year on the same land for which the**  
3           **first crop is eligible for payments under this subtitle, unless the crop was planted**  
4           **in an area approved for double cropping, as determined by the Secretary.**

5           (7) EXTRA LONG STAPLE COTTON.—The term “extra long staple cotton” means cotton  
6           that—

7           (A) is produced from pure strain varieties of the Barbados species or any hybrid of  
8           the species, or other similar types of extra long staple cotton, designated by the  
9           Secretary, having characteristics needed for various end uses for which United States  
10           upland cotton is not suitable and grown in irrigated cotton-growing regions of the  
11           United States designated by the Secretary or other areas designated by the Secretary as  
12           suitable for the production of the varieties or types; and

13           (B) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on  
14           another type gin for experimental purposes.

15           (8) INDIVIDUAL COVERAGE.—For purposes of agriculture risk coverage under section  
16           1105, the term “individual coverage” means coverage determined using the total quantity of  
17           all acreage in a county of the covered commodity that is planted or ~~intended to be~~  
18           **prevented from being** planted for harvest by a producer with the yield determined by the  
19           average yield of the producer described in subsection (c) of that section.

20           (9) MEDIUM GRAIN RICE.—The term “medium grain rice” includes short grain rice.

21           (10) MIDSEASON PRICE.—The term “midseason price” means the applicable national  
22           average market price received by producers for the first 5 months of the applicable  
23           marketing year, as determined by the Secretary.

24           (11) OTHER OILSEED.—The term “other oilseed” means a crop of sunflower seed,  
25           rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed  
26           designated by the Secretary.

27           (12) PRODUCER.—

28           (A) IN GENERAL.—The term “producer” means an owner, operator, landlord, tenant,  
29           or sharecropper that shares in the risk of producing a crop and is entitled to share,  
30           ~~directly or indirectly,~~ in the crop available for marketing from the farm, or would have  
31           shared had the crop been produced.

32           (B) HYBRID SEED.—In determining whether a grower of hybrid seed is a producer,  
33           the Secretary shall—

34           (i) not take into consideration the existence of a hybrid seed contract; and

35           (ii) ensure that program requirements do not adversely affect the ability of the  
36           grower to receive a payment under this title.

37           (13) PULSE CROP.—The term “pulse crop” means dry peas, lentils, small chickpeas, and  
38           large chickpeas.

39           (14) STATE.—The term “State” means—

40           (A) a State;

- 1 (B) the District of Columbia;  
2 (C) the Commonwealth of Puerto Rico; and  
3 (D) any other territory or possession of the United States.

4 (15) TRANSITIONAL YIELD.—The term “transitional yield” ~~means a yield described has~~  
5 **the meaning given the term** in section 502(b)(9) of the Federal Crop Insurance Act (7  
6 U.S.C. 1502(b)(9)).

7 (16) UNITED STATES.—The term “United States”, when used in a geographical sense,  
8 means all of the States.

9 (17) UNITED STATES PREMIUM FACTOR.—The term “United States Premium Factor”  
10 means the percentage by which the difference in the United States loan schedule premiums  
11 for Strict Middling (SM) 1\1/8\-inch upland cotton and for Middling (M) 1\3/32\-inch  
12 upland cotton exceeds the difference in the applicable premiums for comparable  
13 international qualities.

## 14 SEC. 1105. AGRICULTURE RISK COVERAGE.

15 (a) Payments Required.—If the Secretary determines that payments are required under  
16 subsection (c), the Secretary shall make payments for each covered commodity available to  
17 producers in accordance with this section.

18 (b) Coverage Election.—

19 (1) IN GENERAL.—For the period of crop years 2013 through 2017, the producers shall  
20 make a 1-time, irrevocable election to receive—

21 (A) individual coverage under this section, as determined by the Secretary; or

22 (B) in the case of a county with sufficient data (as determined by the Secretary),  
23 county coverage under this section.

24 (2) EFFECT OF ELECTION.—The election made under paragraph (1) shall be binding on the  
25 producers making the election, regardless of covered commodities planted, and applicable  
26 to all acres under the operational control of the producers, in a manner that—

27 (A) acres brought under the operational control of the producers after the election  
28 are included; and

29 (B) acres no longer under the operational control of the producers after the election  
30 are no longer subject to the election of the producers but become subject to the election  
31 of the subsequent producers.

32 (3) DUTIES OF THE SECRETARY.—The Secretary shall ensure that producers are precluded  
33 from taking any action, including reconstitution, transfer, or other similar action, that would  
34 have the effect of altering or reversing the election made under paragraph (1).

35 (c) Agriculture Risk Coverage.—

36 (1) PAYMENTS.—The Secretary shall make agriculture risk coverage payments available  
37 under this subsection for each of the 2013 through 2017 crop years if the Secretary  
38 determines that—

1 (A) the actual crop revenue for the crop year for the covered commodity; is less than

2 (B) the agriculture risk coverage guarantee for the crop year for the covered  
3 commodity.

4 (2) TIME FOR PAYMENTS.—If the Secretary determines under this subsection that  
5 agriculture risk coverage payments are required to be made for the covered commodity, the  
6 agriculture risk coverage payments shall be made as soon as practicable thereafter.

7 (3) ACTUAL CROP REVENUE.—The amount of the actual crop revenue for a crop year of a  
8 covered commodity shall be equal to the product obtained by multiplying—

9 (A)(i) in the case of individual coverage, the actual average individual yield for the  
10 covered commodity, as determined by the Secretary; or

11 (ii) in the case of county coverage, the actual average yield for the county for the  
12 covered commodity, as determined by the Secretary; and

13 (B) the higher of—

14 (i) the midseason price; or

15 (ii) if applicable, the national marketing assistance loan rate for the covered  
16 commodity under subtitle B.

17 (4) AGRICULTURE RISK COVERAGE GUARANTEE.—

18 (A) IN GENERAL.—The agriculture risk coverage guarantee for a crop year for a  
19 covered commodity shall equal 89 percent of the benchmark revenue.

20 (B) BENCHMARK REVENUE.—

21 (i) IN GENERAL.—The benchmark revenue shall be the product obtained by  
22 multiplying—

23 (I)(aa) in the case of individual coverage, subject to clause (ii), the average  
24 individual yield, as determined by the Secretary, for the most recent 5 crop  
25 years, excluding each of the crop years with the highest and lowest yields; or

26 (bb) in the case of county coverage, the average ~~historical~~ county yield, as  
27 determined by the Secretary, for the most recent 5 crop years, excluding each  
28 of the crop years with the highest and lowest yields; and

29 (II)(aa) **in the case of individual coverage, subject to clause (iii), the**  
30 **average national marketing year average price for the most recent 10**  
31 **crop years; or**

32 (bb) **in the case of county coverage, subject to clause (iii), the average**  
33 **national marketing year average price for the most recent 5 crop years,**  
34 **excluding each of the crop years with the highest and lowest prices.**

35 (ii) USE OF TRANSITIONAL YIELDS.—If the yield determined under clause

36 (i)(I)—

37 (I) for the 2012 crop year or any prior crop year, is less than 60 percent of  
38 the applicable transitional yield, as determined by the Secretary, the  
39 Secretary shall use 60 percent of the applicable transitional yield for that

1 crop year; and

2 (II) for the 2013 crop year and any subsequent crop year, is less than 70  
3 percent of the applicable transitional yield, as determined by the Secretary,  
4 the Secretary shall use 70 percent of the applicable transitional yield for that  
5 crop year.

6 **(iii) SPECIAL RULE FOR RICE AND PEANUTS.—If the national marketing year**  
7 **average price under clause (i)(II) for any of the applicable crop years is lower**  
8 **than the price for the covered commodity listed below, the Secretary shall**  
9 **use the following price for that crop year:**

10 **(I) For long grain rice, \$13.00 per hundredweight.**

11 **(II) For medium grain rice, \$13.00 per hundredweight.**

12 **(III) For peanuts, \$530.00 per ton.**

13 (5) PAYMENT RATE.—The payment rate shall be equal to the lesser of—

14 (A) the amount that—

15 (i) the agriculture risk coverage guarantee for the covered commodity; exceeds

16 (ii) the actual crop revenue for the crop year of the covered commodity; or

17 (B) 10 percent of the benchmark revenue for the crop year of the covered  
18 commodity.

19 (6) PAYMENT AMOUNT.—If agriculture risk coverage payments under this subsection are  
20 required to be paid for any of the 2013 through 2017 crop years of a covered commodity,  
21 the amount of the agriculture risk coverage payment for the crop year shall be equal to the  
22 product obtained by multiplying—

23 (A) the payment rate under paragraph (5); and

24 (B)(i) in the case of individual coverage—

25 (I) in the case of eligible acres that were planted to the covered commodity, ~~60~~  
26 **65** percent of the eligible acres of the covered commodity; and

27 (II) in the case of eligible acres that were prevented from being planted to the  
28 covered commodity, 45 percent; or

29 (ii) in the case of county coverage—

30 (I) in the case of eligible acres that were planted to the covered commodity, ~~75~~  
31 **80** percent of the eligible acres of the covered commodity of the producer; and

32 (II) in the case of eligible acres that were prevented from being planted to the  
33 covered commodity, 45 percent.

34 (7) DUTIES OF THE SECRETARY.—In carrying out the program under this subsection, the  
35 Secretary shall—

36 (A) to the maximum extent practicable, use all available information and analysis to  
37 check for anomalies in the determination of payments under the program;

1 (B) to the maximum extent practicable, calculate a separate agriculture risk coverage  
2 guarantee for irrigated and nonirrigated covered commodities;

3 ~~and~~(C) differentiate by type or class the national average price of—

4 ~~(i)~~ sunflower seeds;

5 (ii) barley, using malting barley values; and

6 (iii) wheat; and

7 (D) assign a yield for each acre planted ~~acre~~ or prevented from being planted for  
8 the crop year for the covered commodity on the basis of the yield history of  
9 representative farms in the State, region, or crop reporting district, as determined by  
10 the Secretary, if the Secretary cannot establish the yield as determined under paragraph  
11 (4)(B)(i) for each planted acre for a crop year for a covered commodity in accordance  
12 with paragraph (4) or if the yield determined under paragraph (4) is an  
13 unrepresentative average yield for the farm (as determined by the Secretary).

## 14 SEC. 1106. PRODUCER AGREEMENT REQUIRED AS 15 CONDITION OF PROVISION OF PAYMENTS.

16 (a) Compliance With Certain Requirements.—

17 (1) REQUIREMENTS.—Before the producers on a farm may receive agriculture risk  
18 coverage payments, the producers shall agree, during the crop year for which the payments  
19 are made and in exchange for the payments—

20 (A) to comply with applicable conservation requirements under subtitle B of title  
21 XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

22 (B) to comply with applicable wetland protection requirements under subtitle C of  
23 title XII of that Act (16 U.S.C. 3821 et seq.);

24 (C) to use the land on the farm for an agricultural or conserving use in a quantity  
25 equal to the attributable eligible acres of the farm, and not for a nonagricultural  
26 commercial, industrial, or residential use, as determined by the Secretary; and

27 (D) to effectively control noxious weeds and otherwise maintain the land in  
28 accordance with sound agricultural practices, as determined by the Secretary, if the  
29 agricultural or conserving use involves the noncultivation of any portion of the land  
30 referred to in subparagraph (C).

31 (2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers  
32 necessary to ensure producer compliance with the requirements of paragraph (1).

33 (3) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify  
34 the requirements of this subsection if the modifications are consistent with the objectives of  
35 this subsection, as determined by the Secretary.

36 (b) Transfer or Change of Interest in Farm.—

37 (1) TERMINATION.—

38 (A) IN GENERAL.—Except as provided in paragraph (2), a transfer of (or change in)

1 the interest of the producers on a farm for which agriculture risk coverage payments  
2 are made shall result in the termination of the agriculture risk coverage payments,  
3 unless the transferee or owner of the acreage agrees to assume all obligations under  
4 subsection (a).

5 (B) EFFECTIVE DATE.—The termination shall take effect on the date determined by  
6 the Secretary.

7 (2) EXCEPTION.—If a producer entitled to an agriculture risk coverage payment dies,  
8 becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall  
9 make the payment, in accordance with rules issued by the Secretary.

10 (c) Reports.—

11 (1) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this subtitle  
12 or subtitle B, the Secretary shall require producers on a farm to submit to the Secretary  
13 annual acreage reports with respect to all cropland on the farm.

14 (2) PRODUCTION REPORTS.—As a condition on the receipt of any benefits under section  
15 1105, the Secretary shall require producers on a farm to submit to the Secretary annual  
16 production reports with respect to all covered commodities produced on the farm.

17 (3) PENALTIES.—No penalty with respect to benefits under this subtitle or subtitle B shall  
18 be assessed against the producers on a farm for an inaccurate acreage or production report  
19 unless the producers on the farm knowingly and willfully falsified the acreage or production  
20 report.

21 (4) DATA REPORTING.—**To the maximum extent practicable, the Secretary shall use**  
22 **data reported by the producer pursuant to requirements under the Federal Crop**  
23 **Insurance Act (7 U.S.C. 1501 et seq.) to meet the obligations described in paragraphs**  
24 **(1) and (2), without additional submissions to the Department.**

25 (d) Tenants and Sharecroppers.—In carrying out this subtitle, the Secretary shall provide  
26 adequate safeguards to protect the interests of tenants and sharecroppers.

## 27 SEC. 1107. PERIOD OF EFFECTIVENESS.

28 This subtitle shall be effective beginning with the 2013 crop year of each covered commodity  
29 through the 2017 crop year.

## 30 Subtitle B—Marketing Assistance Loans and Loan Deficiency 31 Payments

## 32 SEC. 1201. AVAILABILITY OF NONRECOURSE 33 MARKETING ASSISTANCE LOANS FOR LOAN 34 COMMODITIES.

35 (a) Definition of Loan Commodity.—In this subtitle, the term “loan commodity” means  
36 wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, long grain rice,  
37 medium grain rice, peanuts, soybeans, other oilseeds, graded wool, nongraded wool, mohair,  
38 honey, dry peas, lentils, small chickpeas, and large chickpeas.

1 (b) Nonrecourse Loans Available.—

2 (1) IN GENERAL.—For each of the 2013 through 2017 crops of each loan commodity, the  
3 Secretary shall make available to producers on a farm nonrecourse marketing assistance  
4 loans for loan commodities produced on the farm.

5 (2) TERMS AND CONDITIONS.—The marketing assistance loans shall be made under terms  
6 and conditions that are prescribed by the Secretary and at the loan rate established under  
7 section 1202 for the loan commodity.

8 (c) Eligible Production.—The producers on a farm shall be eligible for a marketing assistance  
9 loan under subsection (b) for any quantity of a loan commodity produced on the farm.

10 (d) Compliance With Conservation and Wetlands Requirements.—

11 (1) REQUIREMENTS.—Before the producers on a farm may receive a marketing assistance  
12 loan or any other payment or benefit under this subtitle, the producers shall agree, for the  
13 crop year for which the payments are made and in exchange for the payments—

14 (A) to comply with applicable conservation requirements under subtitle B of title  
15 XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

16 (B) to comply with applicable wetland protection requirements under subtitle C of  
17 title XII of that Act (16 U.S.C. 3821 et seq.);

18 (C) to use the land on the farm for an agricultural or conserving use in a quantity  
19 equal to the attributable eligible acres of the farm, and not for a nonagricultural  
20 commercial, industrial, or residential use, as determined by the Secretary; and

21 (D) to effectively control noxious weeds and otherwise maintain the land in  
22 accordance with sound agricultural practices, as determined by the Secretary, if the  
23 agricultural or conserving use involves the noncultivation of any portion of the land  
24 referred to in subparagraph (C).

25 (2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers  
26 necessary to ensure producer compliance with paragraph (1).

27 (3) MODIFICATION.—At the request of a transferee or owner, the Secretary may modify  
28 the requirements of this subsection if the modifications are consistent with the purposes of  
29 this subsection, as determined by the Secretary.

30 (e) Special Rules for Peanuts.—

31 (1) IN GENERAL.—This subsection shall apply only to producers of peanuts.

32 (2) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this section, and  
33 loan deficiency payments under section 1205, may be obtained at the option of the  
34 producers on a farm through—

35 (A) a designated marketing association or marketing cooperative of producers that is  
36 approved by the Secretary; or

37 (B) the Farm Service Agency.

38 (3) STORAGE OF LOAN PEANUTS.—As a condition on the approval by the Secretary of an  
39 individual or entity to provide storage for peanuts for which a marketing assistance loan is

1 made under this section, the individual or entity shall agree—

2 (A) to provide the storage on a nondiscriminatory basis; and

3 (B) to comply with such additional requirements as the Secretary considers  
4 appropriate to accomplish the purposes of this section and promote fairness in the  
5 administration of the benefits of this section.

6 (4) STORAGE, HANDLING, AND ASSOCIATED COSTS.—

7 (A) IN GENERAL.—To ensure proper storage of peanuts for which a loan is made  
8 under this section, the Secretary shall pay handling and other associated costs (other  
9 than storage costs) incurred at the time at which the peanuts are placed under loan, as  
10 determined by the Secretary.

11 (B) REDEMPTION AND FORFEITURE.—The Secretary shall—

12 (i) require the repayment of handling and other associated costs paid under  
13 subparagraph (A) for all peanuts pledged as collateral for a loan that is redeemed  
14 under this section; and

15 (ii) pay storage, handling, and other associated costs for all peanuts pledged as  
16 collateral that are forfeited under this section.

17 (5) MARKETING.—A marketing association or cooperative may market peanuts for which  
18 a loan is made under this section in any manner that conforms to consumer needs, including  
19 the separation of peanuts by type and quality.

20 (6) REIMBURSABLE AGREEMENTS AND PAYMENT OF ADMINISTRATIVE EXPENSES.—The  
21 Secretary may implement any reimbursable agreements or provide for the payment of  
22 administrative expenses under this subsection only in a manner that is consistent with those  
23 activities in regard to other loan commodities.

## 24 SEC. 1202. LOAN RATES FOR NONRECOURSE 25 MARKETING ASSISTANCE LOANS.

26 (a) In General.—For purposes of each of the 2013 through 2017 crop years, the loan rate for a  
27 marketing assistance loan under section 1201 for a loan commodity shall be equal to the  
28 following:

29 (1) In the case of wheat, \$2.94 per bushel.

30 (2) In the case of corn, \$1.95 per bushel.

31 (3) In the case of grain sorghum, \$1.95 per bushel.

32 (4) In the case of barley, \$1.95 per bushel.

33 (5) In the case of oats, \$1.39 per bushel.

34 (6) In the case of base quality of upland cotton, for the 2013 and each subsequent crop  
35 year, the simple average of the adjusted prevailing world price for the 2 immediately  
36 preceding marketing years, as determined by the Secretary and announced October 1  
37 preceding the next domestic plantings, but in no case less than \$0.47 per pound or more  
38 than \$0.52 per pound.

- 1 (7) In the case of extra long staple cotton, \$0.7977 per pound.  
2 (8) In the case of long grain rice, \$6.50 per hundredweight.  
3 (9) In the case of medium grain rice, \$6.50 per hundredweight.  
4 (10) In the case of soybeans, \$5.00 per bushel.  
5 (11) In the case of other oilseeds, \$10.09 per hundredweight for each of the following  
6 kinds of oilseeds:  
7 (A) Sunflower seed.  
8 (B) Rapeseed.  
9 (C) Canola.  
10 (D) Safflower.  
11 (E) Flaxseed.  
12 (F) Mustard seed.  
13 (G) Crambe.  
14 (H) Sesame seed.  
15 (I) Other oilseeds designated by the Secretary.  
16 (12) In the case of dry peas, \$5.40 per hundredweight.  
17 (13) In the case of lentils, \$11.28 per hundredweight.  
18 (14) In the case of small chickpeas, \$7.43 per hundredweight.  
19 (15) In the case of large chickpeas, \$11.28 per hundredweight.  
20 (16) In the case of graded wool, \$1.15 per pound.  
21 (17) In the case of nongraded wool, \$0.40 per pound.  
22 (18) In the case of mohair, \$4.20 per pound.  
23 (19) In the case of honey, \$0.69 per pound.  
24 (20) In the case of peanuts, \$355 per ton.

25 (b) Single County Loan Rate for Other Oilseeds.—The Secretary shall establish a single loan  
26 rate in each county for each kind of other oilseeds described in subsection (a)(11).

## 27 **SEC. 1203. TERM OF LOANS.**

28 (a) Term of Loan.—In the case of each loan commodity, a marketing assistance loan under  
29 section 1201 shall have a term of 9 months beginning on the first day of the first month after the  
30 month in which the loan is made.

31 (b) Extensions Prohibited.—The Secretary may not extend the term of a marketing assistance  
32 loan for any loan commodity.

## 33 **SEC. 1204. REPAYMENT OF LOANS.**

1 (a) General Rule.—The Secretary shall permit the producers on a farm to repay a marketing  
2 assistance loan under section 1201 for a loan commodity (other than upland cotton, long grain  
3 rice, medium grain rice, extra long staple cotton, peanuts and confectionery and each other kind  
4 of sunflower seed (other than oil sunflower seed)) at a rate that is the lesser of—

5 (1) the loan rate established for the commodity under section 1202, plus interest  
6 (determined in accordance with section 163 of the Federal Agriculture Improvement and  
7 Reform Act of 1996 (7 U.S.C. 7283));

8 (2) a rate (as determined by the Secretary) that—

9 (A) is calculated based on average market prices for the loan commodity during the  
10 preceding 30-day period; and

11 (B) will minimize discrepancies in marketing loan benefits across State boundaries  
12 and across county boundaries; or

13 (3) a rate that the Secretary may develop using alternative methods for calculating a  
14 repayment rate for a loan commodity that the Secretary determines will—

15 (A) minimize potential loan forfeitures;

16 (B) minimize the accumulation of stocks of the commodity by the Federal  
17 Government;

18 (C) minimize the cost incurred by the Federal Government in storing the  
19 commodity;

20 (D) allow the commodity produced in the United States to be marketed freely and  
21 competitively, both domestically and internationally; and

22 (E) minimize discrepancies in marketing loan benefits across State boundaries and  
23 across county boundaries.

24 (b) Repayment Rates for Upland Cotton, Long Grain Rice, and Medium Grain Rice.—The  
25 Secretary shall permit producers to repay a marketing assistance loan under section 1201 for  
26 upland cotton, long grain rice, and medium grain rice at a rate that is the lesser of—

27 (1) the loan rate established for the commodity under section 1202, plus interest  
28 (determined in accordance with section 163 of the Federal Agriculture Improvement and  
29 Reform Act of 1996 (7 U.S.C. 7283)); or

30 (2) the prevailing world market price for the commodity, as determined and adjusted by  
31 the Secretary in accordance with this section.

32 (c) Repayment Rates for Extra Long Staple Cotton.—Repayment of a marketing assistance  
33 loan for extra long staple cotton shall be at the loan rate established for the commodity under  
34 section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture  
35 Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

36 (d) Prevailing World Market Price.—For purposes of this section and section 1207, the  
37 Secretary shall prescribe by regulation—

38 (1) a formula to determine the prevailing world market price for each of upland cotton,  
39 long grain rice, and medium grain rice; and

1 (2) a mechanism by which the Secretary shall announce periodically those prevailing  
2 world market prices.

3 (e) Adjustment of Prevailing World Market Price for Upland Cotton, Long Grain Rice, and  
4 Medium Grain Rice.—

5 (1) RICE.—The prevailing world market price for long grain rice and medium grain rice  
6 determined under subsection (d) shall be adjusted to United States quality and location.

7 (2) COTTON.—The prevailing world market price for upland cotton determined under  
8 subsection (d)—

9 (A) shall be adjusted to United States quality and location, with the adjustment to  
10 include—

11 (i) a reduction equal to any United States Premium Factor for upland cotton of  
12 a quality higher than Middling (M) 1<sup>3</sup>/<sub>32</sub>-inch; and

13 (ii) the average costs to market the commodity, including average  
14 transportation costs, as determined by the Secretary; and

15 (B) may be further adjusted, during the period beginning on the date of enactment of  
16 this Act and ending on July 31, 2018, if the Secretary determines the adjustment is  
17 necessary—

18 (i) to minimize potential loan forfeitures;

19 (ii) to minimize the accumulation of stocks of upland cotton by the Federal  
20 Government;

21 (iii) to ensure that upland cotton produced in the United States can be marketed  
22 freely and competitively, both domestically and internationally; and

23 (iv) to ensure an appropriate transition between current-crop and forward-crop  
24 price quotations, except that the Secretary may use forward-crop price quotations  
25 prior to July 31 of a marketing year only if—

26 (I) there are insufficient current-crop price quotations; and

27 (II) the forward-crop price quotation is the lowest such quotation  
28 available.

29 (3) GUIDELINES FOR ADDITIONAL ADJUSTMENTS.—In making adjustments under this  
30 subsection, the Secretary shall establish a mechanism for determining and announcing the  
31 adjustments in order to avoid undue disruption in the United States market.

32 (f) Repayment Rates for Confectionery and Other Kinds of Sunflower Seeds.—The Secretary  
33 shall permit the producers on a farm to repay a marketing assistance loan under section 1201 for  
34 confectionery and each other kind of sunflower seed (other than oil sunflower seed) at a rate that  
35 is the lesser of—

36 (1) the loan rate established for the commodity under section 1202, plus interest  
37 (determined in accordance with section 163 of the Federal Agriculture Improvement and  
38 Reform Act of 1996 (7 U.S.C. 7283)); or

39 (2) the repayment rate established for oil sunflower seed.

1 (g) Payment of Cotton Storage Costs.—Effective for each of the 2013 through 2017 crop  
2 years, the Secretary shall make cotton storage payments available in the same manner, and at the  
3 same rates as the Secretary provided storage payments for the 2006 crop of cotton, except that  
4 the rates shall be reduced by 20 percent.

5 (h) Repayment Rate for Peanuts.—The Secretary shall permit producers on a farm to repay a  
6 marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

7 (1) the loan rate established for peanuts under subsection (b), plus interest (determined in  
8 accordance with section 163 of the Federal Agriculture Improvement and Reform Act of  
9 1996 (7 U.S.C. 7283)); or

10 (2) a rate that the Secretary determines will—

11 (A) minimize potential loan forfeitures;

12 (B) minimize the accumulation of stocks of peanuts by the Federal Government;

13 (C) minimize the cost incurred by the Federal Government in storing peanuts; and

14 (D) allow peanuts produced in the United States to be marketed freely and  
15 competitively, both domestically and internationally.

16 (i) Authority to Temporarily Adjust Repayment Rates.—

17 (1) ADJUSTMENT AUTHORITY.—In the event of a severe disruption to marketing,  
18 transportation, or related infrastructure, the Secretary may modify the repayment rate  
19 otherwise applicable under this section for marketing assistance loans under section 1201  
20 for a loan commodity.

21 (2) DURATION.—Any adjustment made under paragraph (1) in the repayment rate for  
22 marketing assistance loans for a loan commodity shall be in effect on a short-term and  
23 temporary basis, as determined by the Secretary.

## 24 SEC. 1205. LOAN DEFICIENCY PAYMENTS.

25 (a) Availability of Loan Deficiency Payments.—

26 (1) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan  
27 deficiency payments available to producers on a farm that, although eligible to obtain a  
28 marketing assistance loan under section 1201 with respect to a loan commodity, agree to  
29 forgo obtaining the loan for the commodity in return for loan deficiency payments under  
30 this section.

31 (2) UNSHORN PELTS, HAY, AND SILAGE.—

32 (A) MARKETING ASSISTANCE LOANS.—Subject to subparagraph (B), nongraded wool  
33 in the form of unshorn pelts and hay and silage derived from a loan commodity are not  
34 eligible for a marketing assistance loan under section 1201.

35 (B) LOAN DEFICIENCY PAYMENT.—Effective for the 2013 through 2017 crop years,  
36 the Secretary may make loan deficiency payments available under this section to  
37 producers on a farm that produce unshorn pelts or hay and silage derived from a loan  
38 commodity.

39 (b) Computation.—A loan deficiency payment for a loan commodity or commodity referred to

1 in subsection (a)(2) shall be equal to the product obtained by multiplying—

2 (1) the payment rate determined under subsection (c) for the commodity; by

3 (2) the quantity of the commodity produced by the eligible producers, excluding any  
4 quantity for which the producers obtain a marketing assistance loan under section 1201.

5 (c) Payment Rate.—

6 (1) IN GENERAL.—In the case of a loan commodity, the payment rate shall be the amount  
7 by which—

8 (A) the loan rate established under section 1202 for the loan commodity; exceeds

9 (B) the rate at which a marketing assistance loan for the loan commodity may be  
10 repaid under section 1204.

11 (2) UNSHORN PELTS.—In the case of unshorn pelts, the payment rate shall be the amount  
12 by which—

13 (A) the loan rate established under section 1202 for ungraded wool; exceeds

14 (B) the rate at which a marketing assistance loan for ungraded wool may be repaid  
15 under section 1204.

16 (3) HAY AND SILAGE.—In the case of hay or silage derived from a loan commodity, the  
17 payment rate shall be the amount by which—

18 (A) the loan rate established under section 1202 for the loan commodity from which  
19 the hay or silage is derived; exceeds

20 (B) the rate at which a marketing assistance loan for the loan commodity may be  
21 repaid under section 1204.

22 (d) Exception for Extra Long Staple Cotton.—This section shall not apply with respect to  
23 extra long staple cotton.

24 (e) Effective Date for Payment Rate Determination.—The Secretary shall determine the  
25 amount of the loan deficiency payment to be made under this section to the producers on a farm  
26 with respect to a quantity of a loan commodity or commodity referred to in subsection (a)(2)  
27 using the payment rate in effect under subsection (c) as of the date the producers request the  
28 payment.

## 29 SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY 30 PAYMENTS FOR GRAZED ACREAGE.

31 (a) Eligible Producers.—

32 (1) IN GENERAL.—Effective for the 2013 through 2017 crop years, in the case of a  
33 producer that would be eligible for a loan deficiency payment under section 1205 for wheat,  
34 barley, or oats, but that elects to use acreage planted to the wheat, barley, or oats for the  
35 grazing of livestock, the Secretary shall make a payment to the producer under this section  
36 if the producer enters into an agreement with the Secretary to forgo any other harvesting of  
37 the wheat, barley, or oats on that acreage.

38 (2) GRAZING OF TRITICALE ACREAGE.—Effective for the 2013 through 2017 crop years,

1 with respect to a producer on a farm that uses acreage planted to triticale for the grazing of  
2 livestock, the Secretary shall make a payment to the producer under this section if the  
3 producer enters into an agreement with the Secretary to forgo any other harvesting of  
4 triticale on that acreage.

5 (b) Payment Amount.—

6 (1) IN GENERAL.—The amount of a payment made under this section to a producer on a  
7 farm described in subsection (a)(1) shall be equal to the amount determined by  
8 multiplying—

9 (A) the loan deficiency payment rate determined under section 1205(c) in effect, as  
10 of the date of the agreement, for the county in which the farm is located; by

11 (B) the payment quantity determined by multiplying—

12 (i) the quantity of the grazed acreage on the farm with respect to which the  
13 producer elects to forgo harvesting of wheat, barley, or oats; and

14 (ii)(I) the yield in effect for the calculation of agriculture risk coverage  
15 payments under subtitle A with respect to that loan commodity on the farm; or

16 (II) in the case of a farm without a payment yield for that loan commodity, an  
17 appropriate yield established by the Secretary ~~in a manner consistent with section~~  
18 ~~1102 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7912).~~

19 (2) GRAZING OF TRITICALE ACREAGE.—The amount of a payment made under this section  
20 to a producer on a farm described in subsection (a)(2) shall be equal to the amount  
21 determined by multiplying—

22 (A) the loan deficiency payment rate determined under section 1205(c) in effect for  
23 wheat, as of the date of the agreement, for the county in which the farm is located; by

24 (B) the payment quantity determined by multiplying—

25 (i) the quantity of the grazed acreage on the farm with respect to which the  
26 producer elects to forgo harvesting of triticale; and

27 (ii)(I) the yield in effect for the calculation of agriculture risk coverage  
28 payments under subtitle A with respect to wheat on the farm; or

29 (II) in the case of a farm without a payment yield for wheat, an appropriate  
30 yield established by the Secretary in a manner consistent with section 1102 of the  
31 Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8712).

32 (c) Time, Manner, and Availability of Payment.—

33 (1) TIME AND MANNER.—A payment under this section shall be made at the same time  
34 and in the same manner as loan deficiency payments are made under section 1205.

35 (2) AVAILABILITY.—

36 (A) IN GENERAL.—The Secretary shall establish an availability period for the  
37 payments authorized by this section.

38 (B) CERTAIN COMMODITIES.—In the case of wheat, barley, and oats, the availability  
39 period shall be consistent with the availability period for the commodity established by

1 the Secretary for marketing assistance loans authorized by this subtitle.

2 (d) Prohibition on Crop Insurance Indemnity or Noninsured Crop Assistance.—A 2013  
3 through 2017 crop of wheat, barley, oats, or triticale planted on acreage that a producer elects, in  
4 the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other  
5 harvesting of the crop shall not be eligible for an indemnity under a policy or plan of insurance  
6 authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop  
7 assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7  
8 U.S.C. 7333).

## 9 SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS 10 FOR UPLAND COTTON.

11 (a) Special Import Quota.—

12 (1) DEFINITION OF SPECIAL IMPORT QUOTA.—In this subsection, the term “special import  
13 quota” means a quantity of imports that is not subject to the over-quota tariff rate of a  
14 tariff-rate quota.

15 (2) ESTABLISHMENT.—

16 (A) IN GENERAL.—The President shall carry out an import quota program during the  
17 period beginning on August 1, 2013, and ending on July 31, 2018, as provided in this  
18 subsection.

19 (B) PROGRAM REQUIREMENTS.—Whenever the Secretary determines and announces  
20 that for any consecutive 4-week period, the Friday through Thursday average price  
21 quotation for the lowest-priced United States growth, as quoted for Middling (M)  
22  $1\frac{3}{32}$ -inch cotton, delivered to a definable and significant international market, as  
23 determined by the Secretary, exceeds the prevailing world market price, there shall  
24 immediately be in effect a special import quota.

25 (3) QUANTITY.—The quota shall be equal to the consumption during a 1-week period of  
26 cotton by domestic mills at the seasonally adjusted average rate of the most recent 3 months  
27 for which official data of the Department of Agriculture or other data are available.

28 (4) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90  
29 days after the date of the Secretary’s announcement under paragraph (2) and entered into  
30 the United States not later than 180 days after that date.

31 (5) OVERLAP.—A special quota period may be established that overlaps any existing  
32 quota period if required by paragraph (2), except that a special quota period may not be  
33 established under this subsection if a quota period has been established under subsection  
34 (b).

35 (6) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall  
36 be considered to be an in-quota quantity for purposes of—

37 (A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C.  
38 2703(d));

39 (B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

1 (C) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

2 (D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

3 (7) LIMITATION.—The quantity of cotton entered into the United States during any  
4 marketing year under the special import quota established under this subsection may not  
5 exceed the equivalent of 10 week’s consumption of upland cotton by domestic mills at the  
6 seasonally adjusted average rate of the 3 months immediately preceding the first special  
7 import quota established in any marketing year.

8 (b) Limited Global Import Quota for Upland Cotton.—

9 (1) DEFINITIONS.—In this subsection:

10 (A) DEMAND.—The term “demand” means—

11 (i) the average seasonally adjusted annual rate of domestic mill consumption of  
12 cotton during the most recent 3 months for which official data of the Department  
13 of Agriculture (as determined by the Secretary) are available; and

14 (ii) the larger of—

15 (I) average exports of upland cotton during the preceding 6 marketing  
16 years; or

17 (II) cumulative exports of upland cotton plus outstanding export sales for  
18 the marketing year in which the quota is established.

19 (B) LIMITED GLOBAL IMPORT QUOTA.—The term “limited global import quota”  
20 means a quantity of imports that is not subject to the over-quota tariff rate of a  
21 tariff-rate quota.

22 (C) SUPPLY.—The term “supply” means, using the latest official data of the  
23 Department of Agriculture—

24 (i) the carryover of upland cotton at the beginning of the marketing year  
25 (adjusted to 480-pound bales) in which the quota is established;

26 (ii) production of the current crop; and

27 (iii) imports to the latest date available during the marketing year.

28 (2) PROGRAM.—The President shall carry out an import quota program that provides that  
29 whenever the Secretary determines and announces that the average price of the base quality  
30 of upland cotton, as determined by the Secretary, in the designated spot markets for a month  
31 exceeded 130 percent of the average price of the quality of cotton in the markets for the  
32 preceding 36 months, notwithstanding any other provision of law, there shall immediately  
33 be in effect a limited global import quota subject to the following conditions:

34 (A) QUANTITY.—The quantity of the quota shall be equal to 21 days of domestic  
35 mill consumption of upland cotton at the seasonally adjusted average rate of the most  
36 recent 3 months for which official data of the Department of Agriculture are available  
37 or as estimated by the Secretary.

38 (B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this  
39 subsection during the preceding 12 months, the quantity of the quota next established

1 under this subsection shall be the smaller of 21 days of domestic mill consumption  
2 calculated under subparagraph (A) or the quantity required to increase the supply to  
3 130 percent of the demand.

4 (C) PREFERENTIAL TARIFF TREATMENT.—The quantity under a limited global import  
5 quota shall be considered to be an in-quota quantity for purposes of—

6 (i) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C.  
7 2703(d));

8 (ii) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

9 (iii) section 503(d) of the Trade Act of 1974 (19 U.S.C. 2463(d)); and

10 (iv) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

11 (D) QUOTA ENTRY PERIOD.—When a quota is established under this subsection,  
12 cotton may be entered under the quota during the 90-day period beginning on the date  
13 the quota is established by the Secretary.

14 (3) NO OVERLAP.—Notwithstanding paragraph (2), a quota period may not be established  
15 that overlaps an existing quota period or a special quota period established under subsection  
16 (a).

17 (c) Economic Adjustment Assistance to Users of Upland Cotton.—

18 (1) IN GENERAL.—Subject to paragraph (2), the Secretary shall, on a monthly basis, make  
19 economic adjustment assistance available to domestic users of upland cotton in the form of  
20 payments for all documented use of that upland cotton during the previous monthly period  
21 regardless of the origin of the upland cotton.

22 (2) VALUE OF ASSISTANCE.—Effective beginning on August 1, 2012, the value of the  
23 assistance provided under paragraph (1) shall be 3 cents per pound.

24 (3) ALLOWABLE PURPOSES.—Economic adjustment assistance under this subsection shall  
25 be made available only to domestic users of upland cotton that certify that the assistance  
26 shall be used only to acquire, construct, install, modernize, develop, convert, or expand  
27 land, plant, buildings, equipment, facilities, or machinery.

28 (4) REVIEW OR AUDIT.—The Secretary may conduct such review or audit of the records  
29 of a domestic user under this subsection as the Secretary determines necessary to carry out  
30 this subsection.

31 (5) IMPROPER USE OF ASSISTANCE.—If the Secretary determines, after a review or audit of  
32 the records of the domestic user, that economic adjustment assistance under this subsection  
33 was not used for the purposes specified in paragraph (3), the domestic user shall be—

34 (A) liable for the repayment of the assistance to the Secretary, plus interest, as  
35 determined by the Secretary; and

36 (B) ineligible to receive assistance under this subsection for a period of 1 year  
37 following the determination of the Secretary.

38 **SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR**  
39 **EXTRA LONG STAPLE COTTON.**

1 (a) Competitiveness Program.—Notwithstanding any other provision of law, during the period  
2 beginning on the date of enactment of this Act through July 31, 2018, the Secretary shall carry  
3 out a program—

4 (1) to maintain and expand the domestic use of extra long staple cotton produced in the  
5 United States;

6 (2) to increase exports of extra long staple cotton produced in the United States; and

7 (3) to ensure that extra long staple cotton produced in the United States remains  
8 competitive in world markets.

9 (b) Payments Under Program; Trigger.—Under the program, the Secretary shall make  
10 payments available under this section whenever—

11 (1) for a consecutive 4-week period, the world market price for the lowest priced  
12 competing growth of extra long staple cotton (adjusted to United States quality and location  
13 and for other factors affecting the competitiveness of such cotton), as determined by the  
14 Secretary, is below the prevailing United States price for a competing growth of extra long  
15 staple cotton; and

16 (2) the lowest priced competing growth of extra long staple cotton (adjusted to United  
17 States quality and location and for other factors affecting the competitiveness of such  
18 cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra  
19 long staple cotton.

20 (c) Eligible Recipients.—The Secretary shall make payments available under this section to  
21 domestic users of extra long staple cotton produced in the United States and exporters of extra  
22 long staple cotton produced in the United States that enter into an agreement with the  
23 Commodity Credit Corporation to participate in the program under this section.

24 (d) Payment Amount.—Payments under this section shall be based on the amount of the  
25 difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive  
26 4-week period multiplied by the amount of documented purchases by domestic users and sales  
27 for export by exporters made in the week following such a consecutive 4-week period.

## 28 **SEC. 1209. AVAILABILITY OF RECOURSE LOANS FOR** 29 **HIGH MOISTURE FEED GRAINS AND SEED COTTON.**

30 (a) High Moisture Feed Grains.—

31 (1) DEFINITION OF HIGH MOISTURE STATE.—In this subsection, the term “high moisture  
32 state” means corn or grain sorghum having a moisture content in excess of Commodity  
33 Credit Corporation standards for marketing assistance loans made by the Secretary under  
34 section 1201.

35 (2) RECOURSE LOANS AVAILABLE.—For each of the 2013 through 2017 crops of corn and  
36 grain sorghum, the Secretary shall make available recourse loans, as determined by the  
37 Secretary, to producers on a farm that—

38 (A) normally harvest all or a portion of their crop of corn or grain sorghum in a high  
39 moisture state;

1 (B) present—

2 (i) certified scale tickets from an inspected, certified commercial scale,  
3 including a licensed warehouse, feedlot, feed mill, distillery, or other similar  
4 entity approved by the Secretary, pursuant to regulations issued by the Secretary;  
5 or

6 (ii) field or other physical measurements of the standing or stored crop in  
7 regions of the United States, as determined by the Secretary, that do not have  
8 certified commercial scales from which certified scale tickets may be obtained  
9 within reasonable proximity of harvest operation;

10 (C) certify that the producers on the farm were the owners of the feed grain at the  
11 time of delivery to, and that the quantity to be placed under loan under this subsection  
12 was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial  
13 or on-farm high-moisture storage facility, or to a facility maintained by the users of  
14 corn and grain sorghum in a high moisture state; and

15 (D) comply with deadlines established by the Secretary for harvesting the corn or  
16 grain sorghum and submit applications for loans under this subsection within deadlines  
17 established by the Secretary.

18 (3) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this subsection shall be made  
19 on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent  
20 to a quantity determined by multiplying—

21 (A) the acreage of the corn or grain sorghum in a high moisture state harvested on  
22 the farm of the producer; by

23 (B) the lower of the actual average yield used to make payments under subtitle A or  
24 the actual yield on a field, as determined by the Secretary, that is similar to the field  
25 from which the corn or grain sorghum was obtained.

26 (b) Recourse Loans Available for Seed Cotton.—For each of the 2013 through 2017 crops of  
27 upland cotton and extra long staple cotton, the Secretary shall make available recourse seed  
28 cotton loans, as determined by the Secretary, on any production.

29 (c) Repayment Rates.—Repayment of a recourse loan made under this section shall be at the  
30 loan rate established for the commodity by the Secretary, plus interest (determined in accordance  
31 with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C.  
32 7283)).

## 33 SEC. 1210. ADJUSTMENTS OF LOANS.

34 (a) Adjustment Authority.—Subject to subsection (e), the Secretary may make appropriate  
35 adjustments in the loan rates for any loan commodity (other than cotton) for differences in grade,  
36 type, quality, location, and other factors.

37 (b) Manner of Adjustment.—The adjustments under subsection (a) shall, to the maximum  
38 extent practicable, be made in such a manner that the average loan level for the commodity will,  
39 on the basis of the anticipated incidence of the factors, be equal to the level of support  
40 determined in accordance with this subtitle and subtitles C through E.

1 (c) Adjustment on County Basis.—

2 (1) IN GENERAL.—The Secretary may establish loan rates for a crop for producers in  
3 individual counties in a manner that results in the lowest loan rate being 95 percent of the  
4 national average loan rate, if those loan rates do not result in an increase in outlays.

5 (2) PROHIBITION.—Adjustments under this subsection shall not result in an increase in the  
6 national average loan rate for any year.

7 (d) Adjustment in Loan Rate for Cotton.—

8 (1) IN GENERAL.—The Secretary may make appropriate adjustments in the loan rate for  
9 cotton for differences in quality factors.

10 (2) REVISIONS TO QUALITY ADJUSTMENTS FOR UPLAND COTTON.—

11 (A) IN GENERAL.—Not later than 180 days after the date of enactment of this Act,  
12 the Secretary shall implement revisions in the administration of the marketing  
13 assistance loan program for upland cotton to more accurately and efficiently reflect  
14 market values for upland cotton.

15 (B) MANDATORY REVISIONS.—Revisions under subparagraph (A) shall include—

16 (i) the elimination of warehouse location differentials;

17 (ii) the establishment of differentials for the various quality factors and staple  
18 lengths of cotton based on a 3-year, weighted moving average of the weighted  
19 designated spot market regions, as determined by regional production;

20 (iii) the elimination of any artificial split in the premium or discount between  
21 upland cotton with a 32 or 33 staple length due to micronaire; and

22 (iv) a mechanism to ensure that no premium or discount is established that  
23 exceeds the premium or discount associated with a leaf grade that is 1 better than  
24 the applicable color grade.

25 (C) DISCRETIONARY REVISIONS.—Revisions under subparagraph (A) may include—

26 (i) the use of non-spot market price data, in addition to spot market price data,  
27 that would enhance the accuracy of the price information used in determining  
28 quality adjustments under this subsection;

29 (ii) adjustments in the premiums or discounts associated with upland cotton  
30 with a staple length of 33 or above due to micronaire with the goal of eliminating  
31 any unnecessary artificial splits in the calculations of the premiums or discounts;  
32 and

33 (iii) such other adjustments as the Secretary determines appropriate, after  
34 consultations conducted in accordance with paragraph (3).

35 (3) CONSULTATION WITH PRIVATE SECTOR.—

36 (A) PRIOR TO REVISION.—In making adjustments to the loan rate for cotton  
37 (including any review of the adjustments) as provided in this subsection, the Secretary  
38 shall consult with representatives of the United States cotton industry.

39 (B) INAPPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The Federal

1 Advisory Committee Act (5 U.S.C. App.) shall not apply to consultations under this  
2 subsection.

3 (4) REVIEW OF ADJUSTMENTS.—The Secretary may review the operation of the upland  
4 cotton quality adjustments implemented pursuant to this subsection and may make further  
5 revisions to the administration of the loan program for upland cotton, by—

6 (A) revoking or revising any actions taken under paragraph (2)(B); or

7 (B) revoking or revising any actions taken or authorized to be taken under paragraph  
8 (2)(C).

9 (e) Rice.—The Secretary shall not make adjustments in the loan rates for long grain rice and  
10 medium grain rice, except for differences in grade and quality (including milling yields).

## 11 Subtitle C—Sugar

### 12 SEC. 1301. SUGAR PROGRAM.

13 (a) Continuation of Current Program and Loan Rates.—

14 (1) SUGARCANE.—Section 156(a)(5) of the Federal Agriculture Improvement and Reform  
15 Act of 1996 (7 U.S.C. 7272(a)(5)) is amended by striking “the 2012 crop year” and  
16 inserting “each of the 2012 through 2017 crop years”.

17 (2) SUGAR BEETS.—Section 156(b)(2) of the Federal Agriculture Improvement and  
18 Reform Act of 1996 (7 U.S.C. 7272(b)(2)) is amended by striking “2012” and inserting  
19 “2017”.

20 (3) EFFECTIVE PERIOD.—Section 156(i) of the Federal Agriculture Improvement and  
21 Reform Act of 1996 (7 U.S.C. 7272(i)) is amended by striking “2012” and inserting “2017”.

22 (b) Flexible Marketing Allotments for Sugar.—

23 (1) SUGAR ESTIMATES.—Section 359b(a)(1) of the Agricultural Adjustment Act of 1938  
24 (7 U.S.C. 1359bb(a)(1)) is amended by striking “2012” and inserting “2017”.

25 (2) EFFECTIVE PERIOD.—Section 359l(a) of the Agricultural Adjustment Act of 1938 (7  
26 U.S.C. 1359ll(a)) is amended by striking “2012” and inserting “2017”.

## 27 Subtitle D—Dairy

### 28 PART I—DAIRY PRODUCTION MARGIN PROTECTION 29 AND DAIRY MARKET STABILIZATION PROGRAMS

#### 30 SEC. 1401. DEFINITIONS.

31 In this part:

32 (1) ACTUAL DAIRY PRODUCTION MARGIN.—The term “actual dairy production margin”  
33 means the difference between the all-milk price and the average feed cost, as calculated  
34 under section 1402.

35 (2) ALL-MILK PRICE.—The term “all-milk price” means the average price received, per

1 hundredweight of milk, by dairy operations for all milk sold to plants and dealers in the  
2 United States, as determined by the Secretary.

3 (3) ANNUAL PRODUCTION HISTORY.—The term “annual production history” means the  
4 production history determined for a participating dairy operation under section 1413(b)  
5 whenever the dairy operation purchases supplemental production margin protection.

6 (4) AVERAGE FEED COST.—The term “average feed cost” means the average cost of feed  
7 used by a dairy operation to produce a hundredweight of milk, determined under section  
8 1402 using the sum of the following:

9 (A) The product determined by multiplying 1.0728 by the price of corn per bushel.

10 (B) The product determined by multiplying 0.00735 by the price of soybean meal  
11 per ton.

12 (C) The product determined by multiplying 0.0137 by the price of alfalfa hay per  
13 ton.

14 (5) BASIC PRODUCTION HISTORY.—The term “basic production history” means the  
15 production history determined for a participating dairy operation under section 1413(a) for  
16 provision of basic production margin protection.

17 (6) CONSECUTIVE 2-MONTH PERIOD.—The term “consecutive 2-month period” refers to  
18 the 2-month period consisting of the months of January and February, March and April,  
19 May and June, July and August, September and October, or November and December,  
20 respectively.

21 (7) DAIRY OPERATION.—

22 (A) IN GENERAL.—The term “dairy operation” means, as determined by the  
23 Secretary, 1 or more dairy producers that produce and market milk as a single dairy  
24 operation in which each dairy producer—

25 (i) shares in the pooling of resources and a common ownership structure;

26 (ii) is at risk in the production of milk on the dairy operation; and

27 (iii) contributes land, labor, management, equipment, or capital to the dairy  
28 operation.

29 (B) ADDITIONAL OWNERSHIP STRUCTURES.—The Secretary shall determine  
30 additional ownership structures to be covered by the definition of dairy operation.

31 (8) HANDLER.—

32 (A) IN GENERAL.—The term “handler” means the initial individual or entity making  
33 payment to a dairy operation for milk produced in the United States and marketed for  
34 commercial use.

35 (B) PRODUCER-HANDLER.—The term includes a “producer-handler” when the  
36 producer satisfies the definition in subparagraph (A).

37 (9) PARTICIPATING DAIRY OPERATION.—The term “participating dairy operation” means a  
38 dairy operation that—

39 (A) signs up under section 1412 to participate in the production margin protection

1 program under subpart A; and

2 (B) as a result, also participates in the stabilization program under subpart B.

3 (10) PRODUCTION MARGIN PROTECTION PROGRAM.—The term “production margin  
4 protection program” means the dairy production margin protection program required by  
5 subpart A.

6 (11) SECRETARY.—The term “Secretary” means the Secretary of Agriculture.

7 (12) STABILIZATION PROGRAM.—The term “stabilization program” means the dairy  
8 market stabilization program required by subpart B for all participating dairy operations.

9 (13) STABILIZATION PROGRAM BASE.—The term “stabilization program base”, with  
10 respect to a participating dairy operation, means the stabilization program base calculated  
11 for the dairy operation under section 1431(b).

12 (14) UNITED STATES.—The term “United States”, in a geographical sense, means the 50  
13 States, the District of Columbia, American Samoa, Guam, the Commonwealth of the  
14 Northern Mariana Islands, the Commonwealth of Puerto Rico, the Virgin Islands of the  
15 United States, and any other territory or possession of the United States.

## 16 SEC. 1402. CALCULATION OF AVERAGE FEED COST 17 AND ACTUAL DAIRY PRODUCTION MARGINS.

18 (a) Calculation of Average Feed Cost.—The Secretary shall calculate the national average  
19 feed cost for each month using the following data:

20 (1) The price of corn for a month shall be the price received during that month by farmers  
21 in the United States for corn, as reported in the monthly Agricultural Prices report by the  
22 Secretary.

23 (2) The price of soybean meal for a month shall be the central Illinois price for soybean  
24 meal, as reported in the Market News—Monthly Soybean Meal Price Report by the  
25 Secretary.

26 (3) The price of alfalfa hay for a month shall be the price received during that month by  
27 farmers in the United States for alfalfa hay, as reported in the monthly Agricultural Prices  
28 report by the Secretary.

29 (b) Calculation of Actual Dairy Production Margins.—

30 (1) PRODUCTION MARGIN PROTECTION PROGRAM.—For use in the production margin  
31 protection program under subpart A, the Secretary shall calculate the actual dairy  
32 production margin for each consecutive 2-month period by subtracting—

33 (A) the average feed cost for that consecutive 2-month period, determined in  
34 accordance with subsection (a); from

35 (B) the all-milk price for that consecutive 2-month period.

36 (2) STABILIZATION PROGRAM.—For use in the stabilization program under subpart B, the  
37 Secretary shall calculate each month the actual dairy production margin for the preceding  
38 month by subtracting—

1 (A) the average feed cost for that preceding month, determined in accordance with  
2 subsection (a); from

3 (B) the all-milk price for that preceding month.

4 (3) TIME FOR CALCULATIONS.—The calculations required by paragraphs (1) and (2) shall  
5 be made as soon as practicable using the full month price of the applicable reference month.

## 6 Subpart A—Dairy Production Margin Protection Program

### 7 SEC. 1411. ESTABLISHMENT OF DAIRY PRODUCTION 8 MARGIN PROTECTION PROGRAM.

9 Effective not later than 120 days after the effective date of this subtitle, the Secretary shall  
10 establish and administer a dairy production margin protection program under which participating  
11 dairy operations are paid—

12 (1) basic margin protection payments when actual dairy production margins are less than  
13 the threshold levels for such payments; and

14 (2) supplemental margin protection payments if purchased by a participating dairy  
15 operation.

### 16 SEC. 1412. PARTICIPATION OF DAIRY OPERATIONS IN 17 PRODUCTION MARGIN PROTECTION PROGRAM.

18 (a) Eligibility.—All dairy operations in the United States shall be eligible to participate in the  
19 production margin protection program, except that a dairy operation shall be required to sign up  
20 with the Secretary before the dairy operation may receive—

21 (1) basic production margin protection payments under section 1414; and

22 (2) if the dairy operation purchases supplemental production margin protection under  
23 section 1415, supplemental production margin protection payments under such section.

24 (b) Registration Process.—

25 (1) IN GENERAL.—The Secretary shall specify the manner and form by which a dairy  
26 operation may sign up to participate in the production margin protection program.

27 (2) TREATMENT OF MULTIPRODUCER DAIRY OPERATIONS.—If a dairy operation is operated  
28 by more than 1 dairy producer, all of the dairy producers of the dairy operation shall be  
29 treated as a single dairy operation for purposes of—

30 (A) registration to receive basic production margin protection and purchase  
31 supplemental production margin protection;

32 (B) payment of the participation fee under subsection (d) and producer premiums  
33 under section 1415; and

34 (C) participation in the stabilization program under subtitle B.

35 (3) TREATMENT OF PRODUCERS WITH MULTIPLE DAIRY OPERATIONS.—If a dairy producer  
36 operates 2 or more dairy operations, each dairy operation of the producer shall require a

1 separate registration to receive basic production margin protection and purchase  
2 supplemental production margin protection and only those dairy operations so registered  
3 shall be covered by the stabilization program.

4 (c) Time for Sign up.—

5 (1) EXISTING DAIRY OPERATIONS.—During the 15-month period beginning on the date of  
6 the initiation of the sign-up period for the production margin protection program, a dairy  
7 operation that is actively engaged as of such date may sign up with the Secretary—

8 (A) to receive basic production margin protection; and

9 (B) if the dairy operation elects, to purchase supplemental production margin  
10 protection.

11 (2) NEW ENTRANTS.—A dairy producer that has no existing interest in a dairy operation  
12 as of the date of the initiation of the sign-up period for the production margin protection  
13 program, but that, after such date, establishes a new dairy operation, may sign up with the  
14 Secretary during the 1-year period beginning on the date on which the dairy operation first  
15 markets milk commercially—

16 (A) to receive basic production margin protection; and

17 (B) if the dairy operation elects, to purchase supplemental production margin  
18 protection.

19 (d) Transition From MILC to Production Margin Protection.—

20 (1) DEFINITION OF TRANSITION PERIOD.—In this subsection, the term “transition period”  
21 means the period during which the milk income loss program established under section  
22 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and the  
23 production margin protection program under this subtitle are both in existence.

24 (2) NOTICE OF AVAILABILITY.—Not later than 30 days after the date of enactment of this  
25 Act, the Secretary shall publish a notice in the Federal Register to inform dairy operations  
26 of the availability of basic production margin protection and supplemental production  
27 margin protection, including the terms of the protection and information about the option of  
28 dairy operations during the transition period to make an election described in paragraph (3).

29 (3) ELECTION.—Except as provided in paragraph (4), a dairy operation may elect to  
30 participate in either the milk income loss program established under section 1506 of the  
31 Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) or the production margin  
32 protection program under this subtitle for the duration of the transition period.

33 (4) TRANSFER TO PRODUCTION MARGIN PROTECTION.—A dairy operation that elects to  
34 participate in the milk income loss program established under section 1506 of the Food,  
35 Conservation, and Energy Act of 2008 (7 U.S.C. 8773) during the transition period may, at  
36 any time, make a permanent transfer to the production margin protection program.

37 (e) Administration Fee.—

38 (1) ADMINISTRATION FEE REQUIRED.—Except as provided in paragraph (5), a dairy  
39 operation shall—

40 (A) pay an administration fee under this subsection to sign up to participate in the

1 production margin protection program; and

2 (B) pay the administration fee annually thereafter to continue to participate in the  
3 production margin protection program.

4 (2) FEE AMOUNT.—The administration fee for a participating dairy operation for a  
5 calendar year shall be based on the pounds of milk (in millions) marketed by the dairy  
6 operation in the previous calendar year, as  
7 follows:2,L2(4,4,4,4,0,0),nc,tp0,p10,10/12,19C,19C

8 1Pounds Marketed (in millions)1Administration Fee

9 lless than 1l\$100

10 ll to 5l\$250

11 lmore than 5 to 10l\$350

12 lmore than 10 to 40l\$1,000

13 lmore than 40l\$2,500

14 (3) DEPOSIT OF FEES.—All administration fees collected under this subsection shall be  
15 credited to the fund or account used to cover the costs incurred to administer the production  
16 margin protection program and the stabilization program and shall be available to the  
17 Secretary, without further appropriation and until expended, for use or transfer as provided  
18 in paragraph (4).

19 (4) USE OF FEES.—The Secretary shall use administration fees collected under this  
20 subsection—

21 (A) to cover administrative costs of the production margin protection program and  
22 stabilization program; and

23 (B) to cover costs of the Department of Agriculture relating to reporting of dairy  
24 market news, carrying out the amendments made by section 1476, and carrying out  
25 section 273 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1637b)), to the extent  
26 funds remain available after operation of subparagraph (A).

27 (5) WAIVER.—The Secretary shall waive or reduce the administration fee required under  
28 paragraph (1) in the case of a limited-resource dairy operation, as defined by the Secretary.

29 (f) Duties of the Secretary.—The Secretary shall ensure that producers are precluded from  
30 taking any action, including reconstitution, transfer, or other similar action, that would have the  
31 effect of altering or reversing any election made under this subtitle.

32 (g) Denial of Program Benefits.—A person or legal entity shall be ineligible to receive  
33 payments under this subtitle for a calendar year, and the succeeding crop year, if the Secretary  
34 determines that the person or legal entity—

35 (1) failed to comply with this subtitle and adopted or participated in adopting a scheme or  
36 device to evade the application of basic production margin protection, supplemental  
37 production margin protection, or the market stabilization program; or

38 (2) intentionally concealed the relevant interest of a person or legal entity in any farm or  
39 legal entity applicable to the implementation and administration of this subtitle.

1 (h) Extended Ineligibility.—If the Secretary determines that a person or legal entity, for the  
2 benefit of the person or legal entity or the benefit of any other person or legal entity, has  
3 knowingly engaged in, or aided in the creation of a fraudulent document, failed to disclose  
4 material information relevant to the administration of this subtitle, or committed other equally  
5 serious actions in violation of the purposes of this subtitle (including regulations issued by the  
6 Secretary), the Secretary may for a period not to exceed 5 calendar years deny the issuance of  
7 payments under this subtitle to the person or legal entity.

8 (i) Pro Rata Denial.—

9 (1) IN GENERAL.—Payments otherwise owed to a person or legal entity described in  
10 subsection (g) or (h) shall be denied in a pro rata manner based on the ownership interest of  
11 the person or legal entity in a farm.

12 (2) CASH RENT TENANT.—Payments otherwise payable to a person or legal entity shall be  
13 denied in a pro rata manner if the person or legal entity on a farm owned or under the  
14 control of a person or legal entity with respect to which a determination has been made  
15 under subsection (g) or (h).

16 (j) Joint and Several Liability.—Any legal entity (including s partnership and joint venture)  
17 and any member of any legal entity determined to have knowingly participated in a scheme or  
18 device to evade, or that has the purpose of evading, this section shall be jointly and severally  
19 liable for any amounts that are payable to the Secretary as the result of the scheme or device  
20 (including amounts necessary to recover those amounts).

21 (k) Release.—The Secretary may partially or fully release from liability any person or legal  
22 entity that cooperates with the Secretary in enforcing this section or in instances in which the  
23 Secretary determines that any reconstitution is bona fide and substantive.

24 (l) Limitation.—A dairy operation may only participate in the production margin protection  
25 program or the livestock gross margin for dairy program under the Federal Crop Insurance Act  
26 (7 U.S.C. 1501 et seq.), but not both.

## 27 SEC. 1413. PRODUCTION HISTORY OF PARTICIPATING 28 DAIRY OPERATIONS.

29 (a) Production History for Basic Production Margin Protection.—

30 (1) DETERMINATION REQUIRED.—For purposes of providing basic production margin  
31 protection, the Secretary shall determine the basic production history of the dairy operation  
32 in the production margin protection program.

33 (2) CALCULATION.—Except as provided in paragraph (3), the basic production history of  
34 a participating dairy operation for basic production margin protection is equal to the highest  
35 annual milk marketings of the dairy operation during any 1 of the 3 calendar years  
36 immediately preceding the calendar year in which the dairy operation first signed up to  
37 participate in the production margin protection program.

38 (3) ELECTION BY NEW DAIRY OPERATIONS.—In the case of a participating dairy operation  
39 that has been in operation for less than a year, the dairy operation shall elect 1 of the  
40 following methods for the Secretary to determine the basic production history of the dairy  
41 operation:

1 (A) The volume of the actual milk marketings for the months the dairy operation has  
2 been in operation extrapolated to a yearly amount.

3 (B) An estimate of the actual milk marketings of the dairy operation based on the  
4 herd size of the dairy operation relative to the national rolling herd average data  
5 published by the Secretary.

6 (4) NO CHANGE IN PRODUCTION HISTORY FOR BASIC PRODUCTION MARGIN  
7 PROTECTION.—Once the basic production history of a participating dairy operation is  
8 determined under paragraph (2) or (3), the basic production history shall not be  
9 subsequently changed for purposes of determining the amount of any basic production  
10 margin protection payments for the dairy operation made under section 1414.

11 (b) Annual Production History for Supplemental Production Margin Protection.—

12 (1) DETERMINATION REQUIRED.—For purposes of providing supplemental production  
13 margin protection for a participating dairy operation that purchases supplemental production  
14 margin protection for a year under section 1415, the Secretary shall determine the annual  
15 production history of the dairy operation of the dairy operation under paragraph (2).

16 (2) CALCULATION.—The annual production history of a participating dairy operation for  
17 a year is equal to the actual milk marketings of the dairy operation during the preceding  
18 calendar year.

19 (3) NEW DAIRY OPERATIONS.—Subsection (a)(3) shall apply with respect to determining  
20 the annual production history of a participating dairy operation that has been in operation  
21 for less than a year.

22 (c) Required Information.—A participating dairy operation shall provide all information that  
23 the Secretary may require in order to establish—

24 (1) the basic production history of the dairy operation of the dairy operation under  
25 subsection (a); and

26 (2) the production history of the dairy operation of the dairy operation whenever the dairy  
27 operation purchases supplemental production margin protection under section 1415.

28 (d) Transfer of Production Histories.—

29 (1) TRANSFER BY SALE OR LEASE.—In promulgating the rules to initiate the production  
30 margin protection program, the Secretary shall specify the conditions under which and the  
31 manner by which the production history of a dairy operation may be transferred by sale or  
32 lease.

33 (2) COVERAGE LEVEL.—

34 (A) BASIC PRODUCTION MARGIN PROTECTION.—A purchaser or lessee to whom the  
35 Secretary transfers a basic production history under this subsection shall not obtain a  
36 different level of basic production margin protection than the basic production margin  
37 protection coverage held by the seller or lessor from whom the transfer was obtained.

38 (B) SUPPLEMENTAL PRODUCTION MARGIN PROTECTION.—A purchaser or lessee to  
39 whom the Secretary transfers an annual production history under this subsection shall  
40 not obtain a different level of supplemental production margin protection coverage

1 than the supplemental production margin protection coverage in effect for the seller or  
2 lessor from whom the transfer was obtained for the calendar year in which the transfer  
3 was made.

4 (e) Movement and Transfer of Production History.—

5 (1) MOVEMENT AND TRANSFER AUTHORIZED.—Subject to paragraph (2), if a dairy  
6 operation moves from 1 location to another location, the dairy operation may transfer the  
7 basic production history and annual production history associated with the dairy operation.

8 (2) NOTIFICATION REQUIREMENT.—A dairy operation shall notify the Secretary of any  
9 move of a dairy operation under paragraph (1).

10 (3) SUBSEQUENT OCCUPATION OF VACATED LOCATION.—A party subsequently occupying  
11 a dairy operation location vacated as described in paragraph (1) shall have no interest in the  
12 basic production history or annual production history previously associated with the dairy  
13 operation at such location.

14 **SEC. 1414. BASIC PRODUCTION MARGIN PROTECTION.**

15 (a) Payment Threshold.—The Secretary shall make a payment to participating dairy operations  
16 in accordance with subsection (b) whenever the average actual dairy production margin for a  
17 consecutive 2-month period is less than \$4.00 per hundredweight of milk.

18 (b) Basic Production Margin Protection Payment.—The basic production margin protection  
19 payment for the dairy operation of a participating dairy operation for a consecutive 2-month  
20 period shall be equal to the product obtained by multiplying—

21 (1) the difference between the average actual dairy production margin for the consecutive  
22 2-month period and \$4.00, except that, if the difference is more than \$4.00, the Secretary  
23 shall use \$4.00; by

24 (2) the lesser of—

25 (A) 80 percent of the production history of the dairy operation, divided by 6; or

26 (B) the actual quantity of milk marketed by the dairy operation during the  
27 consecutive 2-month period.

28 **SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN**  
29 **PROTECTION.**

30 (a) Election of Supplemental Production Margin Protection.—A participating dairy operation  
31 may annually purchase supplemental production margin protection to protect, during the  
32 calendar year for which purchased, a higher level of the income of a participating dairy operation  
33 than the income level guaranteed by basic production margin protection under section 1414.

34 (b) Selection of Payment Threshold.—A participating dairy operation purchasing  
35 supplemental production margin protection for a year shall elect a coverage level that is higher,  
36 in any increment of \$0.50, than the payment threshold for basic production margin protection  
37 specified in section 1414(a), but not to exceed \$8.00.

38 (c) Coverage Percentage.—A participating dairy operation purchasing supplemental

1 production margin protection for a year shall elect a percentage of coverage equal to not more  
2 than 90 percent, nor less than 25 percent, of the annual production history of the dairy operation.

3 (d) Premiums for Supplemental Production Margin Protection.—

4 (1) PREMIUMS REQUIRED.—A participating dairy operation that purchases supplemental  
5 production margin protection shall pay an annual premium equal to the product obtained by  
6 multiplying—

7 (A) the percentage selected by the dairy operation under subsection (c);

8 (B) the annual production history of the dairy operation; and

9 (C) the premium per hundredweight of milk, as specified in the applicable table  
10 under paragraph (2) or (3).

11 (2) PREMIUM PER HUNDREDWEIGHT FOR FIRST 4 MILLION POUNDS OF PRODUCTION.—For  
12 the first 4,000,000 pounds of milk marketings included in the annual production history of a  
13 participating dairy operation, the premium per hundredweight corresponding to each  
14 coverage level specified in the following table is as  
15 follows:2,L2(4,4,4,4,0,0),nc,tp0,p10,10/12,19C,19C

16 1 Coverage Level 1 Premium per Cwt.

17 1\$4.50 1\$0.01

18 1\$5.00 1\$0.02

19 1\$5.50 1\$0.035

20 1\$6.00 1\$0.045

21 1\$6.50 1\$0.09

22 1\$7.00 1\$0.40

23 1\$7.50 1\$0.60

24 1\$8.00 1\$0.95

25 (3) PREMIUM PER HUNDREDWEIGHT FOR PRODUCTION IN EXCESS OF 4 MILLION  
26 POUNDS.—For milk marketings in excess of 4,000,000 pounds included in the annual  
27 production history of a participating dairy operation, the premium per hundredweight  
28 corresponding to each coverage level is as  
29 follows:2,L2(4,4,4,4,0,0),nc,tp0,p10,10/12,19C,19C

30 1 Coverage Level 1 Premium per Cwt.

31 1\$4.50 1\$0.02

32 1\$5.00 1\$0.04

33 1\$5.50 1\$0.10

34 1\$6.00 1\$0.15

35 1\$6.50 1\$0.29

36 1\$7.00 1\$0.62

1 \$7.50|\$0.83

2 \$8.00|\$1.06

3 (4) TIME FOR PAYMENT.—In promulgating the rules to initiate the production margin  
4 protection program, the Secretary shall provide more than 1 method by which a  
5 participating dairy operation that purchases supplemental production margin protection for a  
6 calendar year may pay the premium under this subsection for that year in any manner that  
7 maximizes dairy operation payment flexibility and program integrity.

8 (e) Premium Obligations.—

9 (1) PRO-RATION OF PREMIUM FOR NEW DAIRY OPERATIONS.—A dairy operation described  
10 in section 1412(c)(2) that purchases supplemental production margin protection for a  
11 calendar year after the start of the calendar year shall pay a pro-rated premium for that  
12 calendar year based on the portion of the calendar year for which the dairy operation  
13 purchases the coverage.

14 (2) LEGAL OBLIGATION.—A participating dairy operation that purchases supplemental  
15 production margin protection for a calendar year shall be legally obligated to pay the  
16 applicable premium for that calendar year, except that the Secretary may waive that  
17 obligation, under terms and conditions determined by the Secretary, for 1 or more producers  
18 in any dairy operation in the case of death, retirement, permanent dissolution of a dairy  
19 operation, or other circumstances as the Secretary considers appropriate to ensure the  
20 integrity of the program.

21 (f) Supplemental Payment Threshold.—A participating dairy operation with supplemental  
22 production margin protection shall receive a supplemental production margin protection payment  
23 whenever the average actual dairy production margin for a consecutive 2-month period is less  
24 than the coverage level threshold selected by the dairy operation under subsection (b).

25 (g) Supplemental Production Margin Protection Payments.—

26 (1) IN GENERAL.—The supplemental production margin protection payment for a  
27 participating dairy operation is in addition to the basic production margin protection  
28 payment.

29 (2) AMOUNT OF PAYMENT.—The supplemental production margin protection payment for  
30 the dairy operation shall be determined as follows:

31 (A) The Secretary shall calculate the difference between the coverage level  
32 threshold selected by the dairy operation under subsection (b) and the greater of—

33 (i) the average actual dairy production margin for the consecutive 2-month  
34 period; or

35 (ii) \$4.00.

36 (B) The amount determined under subparagraph (A) shall be multiplied by the  
37 percentage selected by the participating dairy operation under subsection (c) and by the  
38 lesser of the following:

39 (i) The annual production history of the dairy operation, divided by 6.

40 (ii) The actual amount of milk marketed by the dairy operation during the

1 consecutive 2-month period.

2 **SEC. 1416. EFFECT OF FAILURE TO PAY**  
3 **ADMINISTRATION FEES OR PREMIUMS.**

4 (a) Loss of Benefits.—A participating dairy operation that fails to pay the required  
5 administration fee under section 1412 or is in arrears on premium payments for supplemental  
6 production margin protection under section 1415—

7 (1) remains legally obligated to pay the administration fee or premiums, as the case may  
8 be; and

9 (2) may not receive basic production margin protection payments or supplemental  
10 production margin protection payments until the fees or premiums are fully paid.

11 (b) Enforcement.—The Secretary may take such action as necessary to collect administration  
12 fees and premium payments for supplemental production margin protection.

13 **Subpart B—Dairy Market Stabilization Program**

14 **SEC. 1431. ESTABLISHMENT OF DAIRY MARKET**  
15 **STABILIZATION PROGRAM.**

16 (a) Program Required; Purpose.—Effective not later than 120 days after the effective date of  
17 this subtitle, the Secretary shall establish and administer a dairy market stabilization program  
18 applicable to participating dairy operations for the purpose of assisting in balancing the supply of  
19 milk with demand when dairy operations are experiencing low or negative operating margins.

20 (b) Election of Stabilization Program Base Calculation Method.—

21 (1) ELECTION.—When a dairy operation signs up under section 1412 to participate in the  
22 production margin protection program, the dairy operation shall inform the Secretary of the  
23 method by which the stabilization program base for the dairy operation will be calculated  
24 under paragraph (3).

25 (2) CHANGE IN CALCULATION METHOD.—A participating dairy operation may change the  
26 stabilization program base calculation method to be used for a calendar year by notifying  
27 the Secretary of the change not later than a date determined by the Secretary.

28 (3) CALCULATION METHODS.—A participating dairy operation may elect either of the  
29 following methods for calculation of the stabilization program base for the dairy operation:

30 (A) The volume of the average monthly milk marketings of the dairy operation for  
31 the 3 months immediately preceding the announcement by the Secretary that the  
32 stabilization program will become effective.

33 (B) The volume of the monthly milk marketings of the dairy operation for the same  
34 month in the preceding year as the month for which the Secretary has announced the  
35 stabilization program will become effective.

36 **SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND**

## 1 REDUCTION IN DAIRY PAYMENTS.

2 (a) When Stabilization Program Required.—Except as provided in subsection (b), the  
3 Secretary shall announce that the stabilization program is in effect and order reduced payments  
4 for any participating dairy operation that exceeds the applicable percentage of the dairy  
5 operation's stabilization program base whenever—

6 (1) the actual dairy production margin has been \$6.00 or less per hundredweight of milk  
7 for each of the immediately preceding 2 months; or

8 (2) the actual dairy production margin has been \$4.00 or less per hundredweight of milk  
9 for the immediately preceding month.

10 (b) Exception.—If any of the conditions described in section 1436(b) have been met during  
11 the 2-month period immediately preceding the month in which the announcement under  
12 subsection (a) would otherwise be made by the Secretary in the absence of this exception, the  
13 Secretary shall—

14 (1) suspend the stabilization program;

15 (2) refrain from making the announcement under subsection (a) to implement order the  
16 stabilization payment; or

17 (3) order reduced payments.

18 (c) Effective Date for Implementation of Payment Reductions.—Reductions in dairy payments  
19 shall commence beginning on the first day of the month immediately following the date of the  
20 announcement by the Secretary under subsection (a).

## 21 SEC. 1433. MILK MARKETINGS INFORMATION.

22 (a) Collection of Milk Marketing Data.—The Secretary shall establish, by regulation, a  
23 process to collect from participating dairy operations and handlers such information that the  
24 Secretary considers necessary for each month during which the stabilization program is in effect.

25 (b) Reduce Regulatory Burden.—When implementing the process under subsection (a), the  
26 Secretary shall minimize the regulatory burden on dairy operations and handlers.

## 27 SEC. 1434. CALCULATION AND COLLECTION OF 28 REDUCED DAIRY OPERATION PAYMENTS.

29 (a) Reduced Dairy Operation Payments Required.—During any month in which payment  
30 reductions are in effect under the stabilization program, each handler shall reduce payments to  
31 each participating dairy operation from whom the handler receives milk.

32 (b) Reductions Based on Actual Dairy Production Margin.—

33 (1) REDUCTION REQUIREMENT 1.—If the Secretary determines that the average actual  
34 dairy production margin has been less than \$6.00 but greater than \$5.00 per hundredweight  
35 of milk for 2 consecutive months, the handler shall make payments to a participating dairy  
36 operation for a month based on the greater of the following:

37 (A) 98 percent of the stabilization program base of the dairy operation.

1 (B) 94 percent of the marketings of milk for the month by the dairy operation.

2 (2) REDUCTION REQUIREMENT 2.—If the Secretary determines that the average actual  
3 dairy production margin has been less than \$5.00 but greater than \$4.00 for 2 consecutive  
4 months, the handler shall make payments to a participating dairy operation for a month  
5 based on the greater of the following:

6 (A) 97 percent of the stabilization program base of the dairy operation.

7 (B) 93 percent of the marketings of milk for the month by the dairy operation.

8 (3) REDUCTION REQUIREMENT 3.—If the Secretary determines that the average actual  
9 dairy production margin has been \$4.00 or less for any 1 month, the handler shall make  
10 payments to a participating dairy operation for a month based on the greater of the  
11 following:

12 (A) 96 percent of the stabilization program base of the dairy operation.

13 (B) 92 percent of the marketings of milk for the month by the dairy operation.

14 (c) Continuation of Reductions.—The largest level of payment reduction required under  
15 paragraph (1), (2), or (3) of subsection (b) shall be continued for each month until the Secretary  
16 suspends the stabilization program and terminates payment reductions in accordance with section  
17 1436.

18 (d) Payment Reduction Exception.—Notwithstanding any preceding subsection of this section,  
19 a handler shall make no payment reductions for a dairy operation for a month if the dairy  
20 operation's milk marketings for the month are equal to or less than the percentage of the  
21 stabilization program base applicable to the dairy operation under paragraph (1), (2), or (3) of  
22 subsection (b).

## 23 SEC. 1435. REMITTING FUNDS TO THE SECRETARY 24 AND USE OF FUNDS.

25 (a) Remitting Funds.—As soon as practicable after the end of each month during which  
26 payment reductions are in effect under the stabilization program, each handler shall remit to the  
27 Secretary an amount equal to the amount by which payments to participating dairy operations are  
28 reduced by the handler under section 1434.

29 (b) Deposit of Funds.—All funds received under subsection (a) shall be available to the  
30 Secretary, without further appropriation and until expended, for use or transfer as provided in  
31 subsection (c).

32 (c) Use of Funds.—

33 (1) AVAILABILITY FOR CERTAIN COMMODITY DONATIONS.—Not later than 90 days after  
34 the date of the receipt of funds under subsection (a), the Secretary shall obligate the funds  
35 for the purpose of—

36 (A) purchasing dairy products for donation to food banks and other programs that  
37 the Secretary determines appropriate; and

38 (B) expanding consumption and building demand for dairy products.

39 (2) NO DUPLICATION OF EFFORT.—The Secretary shall ensure that expenditures under

1 paragraph (1) are compatible with, and do not duplicate, programs supported by the dairy  
2 research and promotion activities conducted under the Dairy Production Stabilization Act of  
3 1983 (7 U.S.C. 4501 et seq.).

4 (3) ACCOUNTING.—The Secretary shall keep an accurate account of all funds expended  
5 under paragraph (1).

6 (d) Annual Report.—Not later than December 31 of each year that the stabilization program is  
7 in effect, the Secretary shall submit to the Committee on Agriculture of the House of  
8 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report  
9 that provides an accurate accounting of—

10 (1) the funds received by the Secretary during the preceding fiscal year under subsection  
11 (a);

12 (2) all expenditures made by the Secretary under subsection (b) during the preceding  
13 fiscal year; and

14 (3) the impact of the stabilization program on dairy markets.

15 (e) Enforcement.—If a participating dairy operation or handler fails to remit or collect the  
16 amounts by which payments to participating dairy operations are reduced under section 1434, the  
17 dairy operation or handler responsible for the failure shall be liable to the Secretary for the  
18 amount that should have been remitted or collected, plus interest. In addition to the enforcement  
19 authorities available under section 1437, the Secretary may enforce this subsection in the courts  
20 of the United States.

## 21 SEC. 1436. SUSPENSION OF REDUCED PAYMENT 22 REQUIREMENT.

23 (a) Determination of Prices.—For purposes of this section:

24 (1) The price in the United States for cheddar cheese and nonfat dry milk shall be  
25 determined by the Secretary.

26 (2) The world price of cheddar cheese and skim milk powder shall be determined by the  
27 Secretary.

28 (b) Suspension Thresholds.—The stabilization program shall be suspended or the Secretary  
29 shall refrain from making the announcement under section 1432(a) if the Secretary determines  
30 that—

31 (1) the actual dairy production margin is greater than \$6.00 per hundredweight of milk  
32 for 2 consecutive months;

33 (2) the actual dairy production margin is equal to or less than \$6.00 (but greater than  
34 \$5.00) for 2 consecutive months, and during the same 2 consecutive months—

35 (A) the price in the United States for cheddar cheese is equal to or greater than the  
36 world price of cheddar cheese; or

37 (B) the price in the United States for nonfat dry milk is equal to or greater than the  
38 world price of skim milk powder;

39 (3) the actual dairy production margin is equal to or less than \$5.00 (but greater than

1           \$4.00) for 2 consecutive months, and during the same 2 consecutive months—

2           (A) the price in the United States for cheddar cheese is more than 5 percent above  
3           the world price of cheddar cheese; or

4           (B) the price in the United States for nonfat dry milk is more than 5 percent above  
5           the world price of skim milk powder; or

6           (4) the actual dairy production margin is equal to or less than \$4.00 for 2 consecutive  
7           months, and during the same 2 consecutive months—

8           (A) the price in the United States for cheddar cheese is more than 7 percent above  
9           the world price of cheddar cheese; or

10          (B) the price in the United States for nonfat dry milk is more than 7 percent above  
11          the world price of skim milk powder.

12          (c) Implementation by Handlers.—Effective on the day after the date of the announcement by  
13          the Secretary under subsection (b) of the suspension of the stabilization program, the handler  
14          shall cease reducing payments to participating dairy operations under the stabilization program.

15          (d) Condition on Resumption of Stabilization Program.—Upon the announcement by the  
16          Secretary under subsection (b) that the stabilization program has been suspended, the  
17          stabilization program may not be implemented again until, at the earliest—

18           (1) 2 months have passed, beginning on the first day of the month immediately following  
19           the announcement by the Secretary; and

20           (2) the conditions of section 1432(a) are again met.

## 21   **SEC. 1437. ENFORCEMENT.**

22          (a) Unlawful Act.—It shall be unlawful and a violation of the this subpart for any person  
23          subject to the stabilization program to willfully fail or refuse to provide, or delay the timely  
24          reporting of, accurate information and remittance of funds to the Secretary in accordance with  
25          this subpart.

26          (b) Order.—After providing notice and opportunity for a hearing to an affected person, the  
27          Secretary may issue an order against any person to cease and desist from continuing any  
28          violation of this subpart.

29          (c) Appeal.—An order of the Secretary under subsection (b) shall be final and conclusive  
30          unless an affected person files an appeal of the order of the Secretary in United States district  
31          court not later than 30 days after the date of the issuance of the order. A finding of the Secretary  
32          in the order shall be set aside only if the finding is not supported by substantial evidence.

33          (d) Noncompliance With Order.—If a person subject to this subpart fails to obey an order  
34          issued under subsection (b) after the order has become final and unappealable, or after the  
35          appropriate United States district court has entered a final judgment in favor of the Secretary, the  
36          United States may apply to the appropriate United States district court for enforcement of the  
37          order. If the court determines that the order was lawfully made and duly served and that the  
38          person violated the order, the court shall enforce the order.

## 39   **SEC. 1438. AUDIT REQUIREMENTS.**

1 (a) Audits of Dairy Operation and Handler Compliance.—

2 (1) AUDITS AUTHORIZED.—If determined by the Secretary to be necessary to ensure  
3 compliance by participating dairy operations and handlers with the stabilization program,  
4 the Secretary may conduct periodic audits of participating dairy operations and handlers.

5 (2) SAMPLE OF DAIRY OPERATIONS.—Any audit conducted under this subsection shall  
6 include, at a minimum, investigation of a statistically valid and random sample of  
7 participating dairy operations.

8 (b) Submission of Results.—The Secretary shall submit the results of any audit conducted  
9 under subsection (a) to the Committee on Agriculture of the House of Representatives and the  
10 Committee on Agriculture, Nutrition, and Forestry of the Senate and include such  
11 recommendations as the Secretary considers appropriate regarding the stabilization program.

12 **SEC. 1439. STUDY; REPORT.**

13 (a) **In General.**—The Secretary shall direct the Office of the Chief Economist to conduct  
14 a study of the impacts of the program established under section 1431(a).

15 (b) **Considerations.**—The study conducted under subsection (a) shall consider—

16 (1) the economic impact of the program throughout the dairy product value chain,  
17 including the impact on producers, processors, domestic customers, export customers,  
18 actual market growth and potential market growth, farms of different sizes, and  
19 different regions and States; and

20 (2) the impact of the program on the competitiveness of the United States dairy  
21 industry in international markets.

22 (c) **Report.**—Not later than December 1, 2016, the Office of the Chief Economist shall  
23 submit to the Committee on Agriculture of the House of Representatives and the  
24 Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes  
25 the results of the study conducted under subsection (a).

26 **Subpart C—Duration**

27 **SEC. 1451. DURATION.**

28 The production margin protection program and the stabilization program shall end on  
29 December 31, 2017.

30 **PART II—DAIRY MARKET TRANSPARENCY**

31 **SEC. 1461. DAIRY PRODUCT MANDATORY REPORTING.**

32 (a) **Definitions.**—Section 272(1)(A) of the Agricultural Marketing Act of 1946 (7 U.S.C.  
33 1637a(1)(A)) is amended by inserting “, or any other products that may significantly aid price  
34 discovery in the dairy markets, as determined by the Secretary” after “of 1937”.

35 (b) **Mandatory Reporting for Dairy Products.**—Section 273(b) of the Agricultural Marketing  
36 Act of 1946 (7 U.S.C. 1637b(b)) is amended—

37 (1) by striking paragraph (1) and inserting the following new paragraph:

1 “(1) IN GENERAL.—In establishing the program, the Secretary shall only—

2 “(A)(i) subject to the conditions described in paragraph (2), require each  
3 manufacturer to report to the Secretary, no less frequently than once per month,  
4 information concerning the price, quantity, and moisture content of dairy products sold  
5 by the manufacturer and any other product characteristics that may significantly aid  
6 price discovery in the dairy markets, as determined by the Secretary; and

7 “(ii) modify the format used to provide the information on the day before the date of  
8 enactment of this subtitle to ensure that the information can be readily understood by  
9 market participants; and

10 “(B) require each manufacturer and other person storing dairy products (including  
11 dairy products in cold storage) to report to the Secretary, no less frequently than once  
12 per month, information on the quantity of dairy products stored.”; and

13 (2) in paragraph (2), by inserting “or those that may significantly aid price discovery in  
14 the dairy markets” after “Federal milk marketing order” each place it appears in  
15 subparagraphs (A), (B), and (C).

## 16 SEC. 1462. FEDERAL MILK MARKETING ORDER 17 INFORMATION.

18 (a) Information Clearinghouse.—

19 (1) IN GENERAL.—The Secretary shall, on behalf of each milk marketing order issued  
20 under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments  
21 by the Agricultural Marketing Agreement Act of 1937, establish an information  
22 clearinghouse for the purposes of educating the public about the Federal milk marketing  
23 order system and any marketing order referenda, including proposal information and  
24 timelines that shall be kept current and updated as information becomes available.

25 (2) REQUIREMENTS.—Information under paragraph (1) shall include—

26 (A) information on procedures by which cooperatives vote;

27 (B) if applicable, information on the manner by which producers may cast an  
28 individual ballot;

29 (C) if applicable, instructions on the manner in which to vote online;

30 (D) due dates for each specific referendum;

31 (E) the text of each referendum question under consideration;

32 (F) a description in plain language of the question;

33 (G) any relevant background information to the question; and

34 (H) any other information that increases Federal milk marketing order transparency.

35 (b) Notification List for Upcoming Referendum.—Each Federal milk marketing order shall—

36 (1) make available the information described in subsection (b) through an Internet site;  
37 and

1 (2) publicize the information in major agriculture and dairy-specific publications on  
2 upcoming referenda.

3 **PART III—REPEAL OR REAUTHORIZATION OF OTHER**  
4 **DAIRY-RELATED PROVISIONS**

5 **SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE**  
6 **SUPPORT AND MILK INCOME LOSS CONTRACT**  
7 **PROGRAMS.**

8 (a) Repeal of Dairy Product Price Support Program.—Section 1501 of the Food, Conservation,  
9 and Energy Act of 2008 (7 U.S.C. 8771) is repealed.

10 (b) Repeal of Milk Income Loss Contract ~~Program.~~—~~Effective June 30, Program.~~—

11 **(1) PAYMENTS UNDER MILK INCOME LOSS CONTRACT PROGRAM.—Section 1506(c)(3)**  
12 **of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773(c)(3)) is amended—**

13 **(A) in subparagraph (A), by inserting “and” after the semicolon;**

14 **(B) in subparagraph (B), by striking “August 31, 2012, 45 percent; and” and**  
15 **inserting “June 30, 2013, 45 percent.”; and**

16 **(C) by striking subparagraph (C).**

17 **(2) EXTENSION.—Section 1506(h)(1) of the Food, Conservation, and Energy Act of**  
18 **2008 (7 U.S.C. 8773(h)(1)) is amended by striking “September 30, 2012” and inserting**  
19 **“June 30, 2013”.**

20 **(3) REPEAL.—Effective July 1, 2013, section 1506 of the Food, Conservation, and**  
21 **Energy Act of 2008 (7 U.S.C. 8773) is repealed.**

22 **SEC. 1472. REPEAL OF DAIRY EXPORT INCENTIVE**  
23 **PROGRAM.**

24 (a) Repeal.—Section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) is repealed.

25 (b) Conforming Amendments.—Section 902(2) of the Trade Sanctions Reform and Export  
26 Enhancement Act of 2000 (22 U.S.C. 7201(2)) is amended—

27 (1) by striking subparagraph (D); and

28 (2) by redesignating subparagraphs (E) and (F) as subparagraphs (D) and (E),  
29 respectively.

30 **SEC. 1473. EXTENSION OF DAIRY FORWARD PRICING**  
31 **PROGRAM.**

32 Section 1502(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8772(e)) is  
33 amended—

34 (1) in paragraph (1), by striking “2012” and inserting “2017”; and

1 (2) in paragraph (2), by striking “2015” and inserting “2020”.

2 **SEC. 1474. EXTENSION OF DAIRY INDEMNITY**  
3 **PROGRAM.**

4 Section 3 of Public Law 90–484 (7 U.S.C. 450l) is amended by striking “2012” and inserting  
5 “2017”.

6 **SEC. 1475. EXTENSION OF DAIRY PROMOTION AND**  
7 **RESEARCH PROGRAM.**

8 Section 113(e)(2) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)(2)) is  
9 amended by striking “2012” and inserting “2017”.

10 **SEC. 1476. EXTENSION OF FEDERAL MILK MARKETING**  
11 **ORDER REVIEW COMMISSION.**

12 Section 1509(a) of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246;  
13 122 Stat. 1726) is amended by inserting “or other funds” after “Subject to the availability of  
14 appropriations”.

15 **PART IV—EFFECTIVE DATE**

16 **SEC. 1481. EFFECTIVE DATE.**

17 Except as otherwise provided in this subtitle, this subtitle and the amendments made by this  
18 subtitle take effect on October 1, 2012.

19 **Subtitle E—Supplemental Agricultural Disaster Assistance**  
20 **Programs**

21 **SEC. 1501. SUPPLEMENTAL AGRICULTURAL DISASTER**  
22 **ASSISTANCE PROGRAMS.**

23 (a) Definitions.—In this section:

24 (1) ELIGIBLE PRODUCER ON A FARM.—

25 (A) IN GENERAL.—The term “eligible producer on a farm” means an individual or  
26 entity described in subparagraph (B) that, as determined by the Secretary, assumes the  
27 production and market risks associated with the agricultural production of crops or  
28 livestock.

29 (B) DESCRIPTION.—An individual or entity referred to in subparagraph (A) is—

30 (i) a citizen of the United States;

31 (ii) a resident alien;

32 (iii) a partnership of citizens of the United States; or

1 (iv) a corporation, limited liability corporation, or other farm organizational  
2 structure organized under State law.

3 (2) FARM.—

4 (A) IN GENERAL.—The term “farm” means, in relation to an eligible producer on a  
5 farm, the total of all crop acreage in all counties that is planted or intended to be  
6 planted for harvest, for sale, or on-farm livestock feeding (including native grassland  
7 intended for haying) by the eligible producer.

8 (B) AQUACULTURE.—In the case of aquaculture, the term “farm” means, in relation  
9 to an eligible producer on a farm, all fish being produced in all counties that are  
10 intended to be harvested for sale by the eligible producer.

11 (C) HONEY.—In the case of honey, the term “farm” means, in relation to an eligible  
12 producer on a farm, all bees and beehives in all counties that are intended to be  
13 harvested for a honey crop for sale by the eligible producer.

14 (3) FARM-RAISED FISH.—The term “farm-raised fish” means any aquatic species that is  
15 propagated and reared in a controlled environment.

16 (4) LIVESTOCK.—The term “livestock” includes—

17 (A) cattle (including dairy cattle);

18 (B) bison;

19 (C) poultry;

20 (D) sheep;

21 (E) swine;

22 (F) horses; and

23 (G) other livestock, as determined by the Secretary.

24 (b) Livestock Indemnity Payments.—

25 (1) PAYMENTS.—For each of fiscal years 2012 through 2017, the Secretary shall use such  
26 sums as are necessary of the funds of the Commodity Credit Corporation to make livestock  
27 indemnity payments to eligible producers on farms that have incurred livestock death losses  
28 in excess of the normal mortality, as determined by the Secretary, due to—

29 (A) attacks by animals reintroduced into the wild by the Federal Government or  
30 protected by Federal law, including wolves; or

31 (B) adverse weather, as determined by the Secretary, during the calendar year,  
32 including losses due to hurricanes, floods, blizzards, disease, wildfires, extreme heat,  
33 and extreme cold.

34 (2) PAYMENT RATES.—Indemnity payments to an eligible producer on a farm under  
35 paragraph (1) shall be made at a rate of 65 percent of the market value of the applicable  
36 livestock on the day before the date of death of the livestock, as determined by the  
37 Secretary.

38 (3) SPECIAL RULE FOR PAYMENTS MADE DUE TO DISEASE.—The Secretary shall ensure that

1 payments made to an eligible producer under paragraph (1) are not made for the same  
2 livestock losses for which compensation is provided pursuant to section 10407(d) of the  
3 Animal Health Protection Act (7 U.S.C. 8306(d)).

4 (c) Livestock Forage Disaster Program.—

5 (1) DEFINITIONS.—In this subsection:

6 (A) COVERED LIVESTOCK.—

7 (i) IN GENERAL.—Except as provided in clause (ii), the term “covered  
8 livestock” means livestock of an eligible livestock producer that, during the 60  
9 days prior to the beginning date of a qualifying drought or fire condition, as  
10 determined by the Secretary, the eligible livestock producer—

11 (I) owned;

12 (II) leased;

13 (III) purchased;

14 (IV) entered into a contract to purchase;

15 (V) is a contract grower; or

16 (VI) sold or otherwise disposed of due to qualifying drought conditions  
17 during—

18 (aa) the current production year; or

19 (bb) subject to paragraph (3)(B)(ii), 1 or both of the 2 production  
20 years immediately preceding the current production year.

21 (ii) EXCLUSION.—The term “covered livestock” does not include livestock that  
22 were or would have been in a feedlot, on the beginning date of the qualifying  
23 drought or fire condition, as a part of the normal business operation of the eligible  
24 livestock producer, as determined by the Secretary.

25 (B) DROUGHT MONITOR.—The term “drought monitor” means a system for  
26 classifying drought severity according to a range of abnormally dry to exceptional  
27 drought, as defined by the Secretary.

28 (C) ELIGIBLE LIVESTOCK PRODUCER.—

29 (i) IN GENERAL.—The term “eligible livestock producer” means an eligible  
30 producer on a farm that—

31 (I) is an owner, cash or share lessee, or contract grower of covered  
32 livestock that provides the pastureland or grazing land, including cash-leased  
33 pastureland or grazing land, for the livestock;

34 (II) provides the pastureland or grazing land for covered livestock,  
35 including cash-leased pastureland or grazing land that is physically located in  
36 a county affected by drought;

37 (III) certifies grazing loss; and

38 (IV) meets all other eligibility requirements established under this

1 subsection.

2 (ii) EXCLUSION.—The term “eligible livestock producer” does not include an  
3 owner, cash or share lessee, or contract grower of livestock that rents or leases  
4 pastureland or grazing land owned by another person on a rate-of-gain basis.

5 (D) NORMAL CARRYING CAPACITY.—The term “normal carrying capacity”, with  
6 respect to each type of grazing land or pastureland in a county, means the normal  
7 carrying capacity, as determined under paragraph (3)(D)(i), that would be expected  
8 from the grazing land or pastureland for livestock during the normal grazing period, in  
9 the absence of a drought or fire that diminishes the production of the grazing land or  
10 pastureland.

11 (E) NORMAL GRAZING PERIOD.—The term “normal grazing period”, with respect to a  
12 county, means the normal grazing period during the calendar year for the county, as  
13 determined under paragraph (3)(D)(i).

14 (2) PROGRAM.—For each of fiscal years 2012 through 2017, the Secretary shall use such  
15 sums as are necessary of the funds of the Commodity Credit Corporation to provide  
16 compensation for losses to eligible livestock producers due to grazing losses for covered  
17 livestock due to—

18 (A) a drought condition, as described in paragraph (3); or

19 (B) fire, as described in paragraph (4).

20 (3) ASSISTANCE FOR LOSSES DUE TO DROUGHT CONDITIONS.—

21 (A) ELIGIBLE LOSSES.—

22 (i) IN GENERAL.—An eligible livestock producer may receive assistance under  
23 this subsection only for grazing losses for covered livestock that occur on land  
24 that—

25 (I) is native or improved pastureland with permanent vegetative cover; or

26 (II) is planted to a crop planted specifically for the purpose of providing  
27 grazing for covered livestock.

28 (ii) EXCLUSIONS.—An eligible livestock producer may not receive assistance  
29 under this subsection for grazing losses that occur on land used for haying or  
30 grazing under the conservation reserve program established under subchapter B of  
31 chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C.  
32 3831 et seq.), unless the land is grassland eligible for the conservation reserve  
33 program under section 1231(d)(2) of the Food Security Act of 1985 (16 U.S.C.  
34 3831), as amended by section 2001 of this Act.

35 (B) MONTHLY PAYMENT RATE.—

36 (i) IN GENERAL.—Except as provided in clause (ii), the payment rate for  
37 assistance under this paragraph for 1 month shall, in the case of drought, be equal  
38 to 60 percent of the lesser of—

39 (I) the monthly feed cost for all covered livestock owned or leased by the  
40 eligible livestock producer, as determined under subparagraph (C); or

1 (II) the monthly feed cost calculated by using the normal carrying capacity  
2 of the eligible grazing land of the eligible livestock producer.

3 (ii) PARTIAL COMPENSATION.—In the case of an eligible livestock producer that  
4 sold or otherwise disposed of covered livestock due to drought conditions in 1 or  
5 both of the 2 production years immediately preceding the current production year,  
6 as determined by the Secretary, the payment rate shall be 80 percent of the  
7 payment rate otherwise calculated in accordance with clause (i).

8 (C) MONTHLY FEED COST.—

9 (i) IN GENERAL.—The monthly feed cost shall equal the product obtained by  
10 multiplying—

11 (I) 30 days;

12 (II) a payment quantity that is equal to the feed grain equivalent, as  
13 determined under clause (ii); and

14 (III) a payment rate that is equal to the corn price per pound, as  
15 determined under clause (iii).

16 (ii) FEED GRAIN EQUIVALENT.—For purposes of clause (i)(II), the feed grain  
17 equivalent shall equal—

18 (I) in the case of an adult beef cow, 15.7 pounds of corn per day; or

19 (II) in the case of any other type of weight of livestock, an amount  
20 determined by the Secretary that represents the average number of pounds of  
21 corn per day necessary to feed the livestock.

22 (iii) CORN PRICE PER POUND.—For purposes of clause (i)(III), the corn price per  
23 pound shall equal the quotient obtained by dividing—

24 (I) the higher of—

25 (aa) the national average corn price per bushel for the 12-month  
26 period immediately preceding March 1 of the year for which the  
27 disaster assistance is calculated; or

28 (bb) the national average corn price per bushel for the 24-month  
29 period immediately preceding that March 1; by

30 (II) 56.

31 (D) NORMAL GRAZING PERIOD AND DROUGHT MONITOR INTENSITY.—

32 (i) FSA COUNTY COMMITTEE DETERMINATIONS.—

33 (I) IN GENERAL.—The Secretary shall determine the normal carrying  
34 capacity and normal grazing period for each type of grazing land or  
35 pastureland in the county served by the applicable committee.

36 (II) CHANGES.—No change to the normal carrying capacity or normal  
37 grazing period established for a county under subclause (I) shall be made  
38 unless the change is requested by the appropriate State and county Farm  
39 Service Agency committees.

1 (ii) DROUGHT INTENSITY.—

2 (I) D2.—An eligible livestock producer that owns or leases grazing land or  
3 pastureland that is physically located in a county that is rated by the U.S.  
4 Drought Monitor as having a D2 (severe drought) intensity in any area of the  
5 county for at least 8 consecutive weeks during the normal grazing period for  
6 the county, as determined by the Secretary, shall be eligible to receive  
7 assistance under this paragraph in an amount equal to 1 monthly payment  
8 using the monthly payment rate determined under subparagraph (B).

9 (II) D3.—An eligible livestock producer that owns or leases grazing land  
10 or pastureland that is physically located in a county that is rated by the U.S.  
11 Drought Monitor as having at least a D3 (extreme drought) intensity in any  
12 area of the county at any time during the normal grazing period for the  
13 county, as determined by the Secretary, shall be eligible to receive assistance  
14 under this paragraph—

15 (aa) in an amount equal to 2 monthly payments using the monthly  
16 payment rate determined under subparagraph (B); or

17 (bb) if the county is rated as having a D3 (extreme drought) intensity  
18 in any area of the county for at least 4 weeks during the normal grazing  
19 period for the county, or is rated as having a D4 (exceptional drought)  
20 intensity in any area of the county at any time during the normal grazing  
21 period, in an amount equal to 3 monthly payments using the monthly  
22 payment rate determined under subparagraph (B).

23 (4) ASSISTANCE FOR LOSSES DUE TO FIRE ON PUBLIC MANAGED LAND.—

24 (A) IN GENERAL.—An eligible livestock producer may receive assistance under this  
25 paragraph only if—

26 (i) the grazing losses occur on rangeland that is managed by a Federal agency;  
27 and

28 (ii) the eligible livestock producer is prohibited by the Federal agency from  
29 grazing the normal permitted livestock on the managed rangeland due to a fire.

30 (B) PAYMENT RATE.—The payment rate for assistance under this paragraph shall be  
31 equal to 50 percent of the monthly feed cost for the total number of livestock covered  
32 by the Federal lease of the eligible livestock producer, as determined under paragraph  
33 (3)(C).

34 (C) PAYMENT DURATION.—

35 (i) IN GENERAL.—Subject to clause (ii), an eligible livestock producer shall be  
36 eligible to receive assistance under this paragraph for the period—

37 (I) beginning on the date on which the Federal agency excludes the  
38 eligible livestock producer from using the managed rangeland for grazing;  
39 and

40 (II) ending on the last day of the Federal lease of the eligible livestock  
41 producer.

1 (ii) LIMITATION.—An eligible livestock producer may only receive assistance  
2 under this paragraph for losses that occur on not more than 180 days per year.

3 (5) NO DUPLICATIVE PAYMENTS.—

4 (A) IN GENERAL.—An eligible livestock producer may elect to receive assistance for  
5 grazing or pasture feed losses due to drought conditions under paragraph (3) or fire  
6 under paragraph (4), but not both for the same loss, as determined by the Secretary.

7 (B) RELATIONSHIP TO OTHER ASSISTANCE.—An eligible livestock producer that  
8 receives assistance under this subsection may not also receive assistance for losses to  
9 crops on the same land with the same intended use.

10 (d) Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish.—

11 (1) IN GENERAL.—For each of fiscal years 2012 through 2017, the Secretary shall use not  
12 more than \$10,000,000 of the funds of the Commodity Credit Corporation to provide  
13 emergency relief to eligible producers of livestock, honey bees, and farm-raised fish to aid  
14 in the reduction of losses due to disease, adverse weather, or other conditions, such as  
15 blizzards and wildfires, as determined by the Secretary, that are not covered under  
16 subsection (b) or (c).

17 (2) USE OF FUNDS.—Funds made available under this subsection shall be used to reduce  
18 losses caused by feed or water shortages, disease, or other factors as determined by the  
19 Secretary.

20 (3) AVAILABILITY OF FUNDS.—Any funds made available under this subsection shall  
21 remain available until expended.

22 (e) Tree Assistance Program.—

23 (1) DEFINITIONS.—In this subsection:

24 (A) ELIGIBLE ORCHARDIST.—The term “eligible orchardist” means a person that  
25 produces annual crops from trees for commercial purposes.

26 (B) NATURAL DISASTER.—The term “natural disaster” means plant disease, insect  
27 infestation, drought, fire, freeze, flood, earthquake, lightning, or other occurrence, as  
28 determined by the Secretary.

29 (C) NURSERY TREE GROWER.—The term “nursery tree grower” means a person who  
30 produces nursery, ornamental, fruit, nut, or Christmas trees for commercial sale, as  
31 determined by the Secretary.

32 (D) TREE.—The term “tree” includes a tree, bush, and vine.

33 (2) ELIGIBILITY.—

34 (A) LOSS.—Subject to subparagraph (B), for each of fiscal years 2012 through 2017,  
35 the Secretary shall use such sums as are necessary of the funds of the Commodity  
36 Credit Corporation to provide assistance—

37 (i) under paragraph (3) to eligible orchardists and nursery tree growers that  
38 planted trees for commercial purposes but lost the trees as a result of a natural  
39 disaster, as determined by the Secretary; and

1 (ii) under paragraph (3)(B) to eligible orchardists and nursery tree growers that  
2 have a production history for commercial purposes on planted or existing trees but  
3 lost the trees as a result of a natural disaster, as determined by the Secretary.

4 (B) LIMITATION.—An eligible orchardist or nursery tree grower shall qualify for  
5 assistance under subparagraph (A) only if the tree mortality of the eligible orchardist or  
6 nursery tree grower, as a result of damaging weather or related condition, exceeds 15  
7 percent (adjusted for normal mortality).

8 (3) ASSISTANCE.—Subject to paragraph (4), the assistance provided by the Secretary to  
9 eligible orchardists and nursery tree growers for losses described in paragraph (2) shall  
10 consist of—

11 (A)(i) reimbursement of 65 percent of the cost of replanting trees lost due to a  
12 natural disaster, as determined by the Secretary, in excess of 15 percent mortality  
13 (adjusted for normal mortality); or

14 (ii) at the option of the Secretary, sufficient seedlings to reestablish a stand; and

15 (B) reimbursement of 50 percent of the cost of pruning, removal, and other costs  
16 incurred by an eligible orchardist or nursery tree grower to salvage existing trees or, in  
17 the case of tree mortality, to prepare the land to replant trees as a result of damage or  
18 tree mortality due to a natural disaster, as determined by the Secretary, in excess of 15  
19 percent damage or mortality (adjusted for normal tree damage and mortality).

20 (4) LIMITATIONS ON ASSISTANCE.—

21 (A) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this paragraph, the terms “legal  
22 entity” and “person” have the meaning given those terms in section 1001(a) of the  
23 Food Security Act of 1985 (7 U.S.C. 1308(a)).

24 (B) AMOUNT.—The total amount of payments received, directly or indirectly, by a  
25 person or legal entity (excluding a joint venture or general partnership) under this  
26 subsection may not exceed \$100,000 for any crop year, or an equivalent value in tree  
27 seedlings.

28 (C) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a  
29 person or legal entity shall be entitled to receive payments under this subsection may  
30 not exceed 500 acres.

31 (f) Payment Limitations.—

32 (1) DEFINITIONS OF LEGAL ENTITY AND PERSON.—In this subsection, the terms “legal  
33 entity” and “person” have the meaning given those terms in section 1001(a) of the Food  
34 Security Act of 1985 (7 U.S.C. 1308(a)).

35 (2) AMOUNT.—The total amount of disaster assistance payments received, directly or  
36 indirectly, by a person or legal entity (excluding a joint venture or general partnership)  
37 under this section (excluding payments received under subsection (e)) may not exceed  
38 \$100,000 for any crop year.

39 (3) DIRECT ATTRIBUTION.—Subsections (e) and (f) of section 1001 of the Food Security  
40 Act of 1985 (7 U.S.C. 1308) or any successor provisions relating to direct attribution shall  
41 apply with respect to assistance provided under this section.

## 1 SEC. 1502. CONFORMING AMENDMENTS.

2 (a) The Federal Crop Insurance Act is amended by striking “Subtitle A—Federal Crop  
3 Insurance Act”.

4 (b) Subtitle B of the Federal Crop Insurance Act (7 U.S.C. 1531) is repealed.

5 (c) Title IX of the Trade Act of 1974 (19 U.S.C. 2497 et seq.) is repealed.

6 **(d) Continued Application for 2012.—The Secretary shall use such sums as are necessary**  
7 **of the Commodity Credit Corporation to carry out the program of supplemental revenue**  
8 **assistance payments established under section 531(b) of the Federal Crop Insurance Act (7**  
9 **U.S.C. 1531) and section 901(b) of the Trade Act of 1974 (19 U.S.C. 2497), as in effect as of**  
10 **the 2011 crop year, for losses incurred during the 2012 crop year.**

## 11 Subtitle F—Administration

## 12 SEC. 1601. ADMINISTRATION GENERALLY.

13 (a) Use of Commodity Credit Corporation.—The Secretary shall use the funds, facilities, and  
14 authorities of the Commodity Credit Corporation to carry out this title.

15 (b) Determinations by Secretary.—A determination made by the Secretary under this title shall  
16 be final and conclusive.

17 (c) Regulations.—

18 (1) IN GENERAL.—Except as otherwise provided in this subsection, not later than 90 days  
19 after the date of enactment of this Act, the Secretary and the Commodity Credit  
20 Corporation, as appropriate, shall promulgate such regulations as are necessary to  
21 implement this title and the amendments made by this title.

22 (2) PROCEDURE.—The promulgation of the regulations and administration of this title and  
23 the amendments made by this title and sections 11001 and ~~11010~~ **11011** of this Act shall be  
24 made without regard to—

25 (A) the notice and comment provisions of section 553 of title 5, United States Code;

26 (B) chapter 35 of title 44, United States Code (commonly known as the “Paperwork  
27 Reduction Act”); and

28 (C) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971  
29 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public  
30 participation in rulemaking.

31 (3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection,  
32 the Secretary shall use the authority provided under section 808 of title 5, United States  
33 Code.

34 (d) Adjustment Authority Related to Trade Agreements Compliance.—

35 (1) REQUIRED DETERMINATION; ADJUSTMENT.—If the Secretary determines that  
36 expenditures under this title that are subject to the total allowable domestic support levels  
37 under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round  
38 Agreements Act (19 U.S.C. 3501)) will exceed the allowable levels for any applicable

1 reporting period, the Secretary shall, to the maximum extent practicable, make adjustments  
2 in the amount of the expenditures during that period to ensure that the expenditures do not  
3 exceed the allowable levels.

4 (2) CONGRESSIONAL NOTIFICATION.—Before making any adjustment under paragraph (1),  
5 the Secretary shall submit to the Committee on Agriculture of the House of Representatives  
6 and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing  
7 the determination made under that paragraph and the extent of the adjustment to be made.

## 8 SEC. 1602. SUSPENSION OF PERMANENT PRICE 9 SUPPORT AUTHORITY.

10 (a) Agricultural Adjustment Act of 1938.—The following provisions of the Agricultural  
11 Adjustment Act of 1938 shall not be applicable to the 2013 through 2017 crops of covered  
12 commodities (as defined in section 1104), cotton, and sugar and shall not be applicable to milk  
13 during the period beginning on the date of enactment of this Act through December 31, 2017:

14 (1) Parts II through V of subtitle B of title III (7 U.S.C. 1326 et seq.).

15 (2) In the case of upland cotton, section 377 (7 U.S.C. 1377).

16 (3) Subtitle D of title III (7 U.S.C. 1379a et seq.).

17 (4) Title IV (7 U.S.C. 1401 et seq.).

18 (b) Agricultural Act of 1949.—The following provisions of the Agricultural Act of 1949 shall  
19 not be applicable to the 2013 through 2017 crops of covered commodities (as defined in section  
20 1104), cotton, and sugar and shall not be applicable to milk during the period beginning on the  
21 date of enactment of this Act and through December 31, 2017:

22 (1) Section 101 (7 U.S.C. 1441).

23 (2) Section 103(a) (7 U.S.C. 1444(a)).

24 (3) Section 105 (7 U.S.C. 1444b).

25 (4) Section 107 (7 U.S.C. 1445a).

26 (5) Section 110 (7 U.S.C. 1445e).

27 (6) Section 112 (7 U.S.C. 1445g).

28 (7) Section 115 (7 U.S.C. 1445k).

29 (8) Section 201 (7 U.S.C. 1446).

30 (9) Title III (7 U.S.C. 1447 et seq.).

31 (10) Title IV (7 U.S.C. 1421 et seq.), other than sections 404, 412, and 416 (7 U.S.C.  
32 1424, 1429, and 1431).

33 (11) Title V (7 U.S.C. 1461 et seq.).

34 (12) Title VI (7 U.S.C. 1471 et seq.).

35 (c) Suspension of Certain Quota Provisions.—The joint resolution entitled “A joint resolution  
36 relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as

1 amended”, approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the  
2 crops of wheat planted for harvest in the calendar years 2013 through 2017.

### 3 SEC. 1603. PAYMENT LIMITATIONS.

4 (a) In General.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended  
5 by striking subsections (b) and (c) and inserting the following:

6 “(b) Limitation on Payments for Peanuts and Other Covered Commodities.—The total amount  
7 of payments received, directly or indirectly, by a person or legal entity (except a joint venture or  
8 general partnership) for any crop year under subtitle A of the       **Agriculture Reform, Food,  
9 and Jobs** Act of 2012 for—

10 “(1) peanuts may not exceed \$50,000; and

11 ~~“(1)“~~**(2)** 1 or more other covered commodities may not exceed \$50,000.”.

12 (b) Conforming Amendments.—

13 (1) Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

14 (A) in subsection (a)(1), by striking “section 1001 of the Food, Conservation, and  
15 Energy Act of 2008” and inserting “section 1104 of the       **Agriculture Reform,  
16 Food, and Jobs** Act of 2012”;

17 (B) in subsection (d), by inserting “or title I of the       **Agriculture Reform,  
18 Food, and Jobs** Act of 2012” before the period at the end;

19 (C) in subsection (e)—

20 (i) in paragraph (1), by striking “subsections (b) and (c) and a program  
21 described in paragraphs (1)(C)” and inserting “subsection (b) and a program  
22 described in paragraph (1)(B)”;

23 (ii) in paragraph (3)(B), by striking “subsections (b) and (c)” each place it  
24 appears and inserting “subsection (b)”;

25 (D) in subsection (f)—

26 (i) by striking “or title XII” each place it appears in paragraphs (5)(A) and  
27 (6)(A) and inserting “, title I of the       **Agriculture Reform, Food, and Jobs**  
28 Act of 2012, or title XII”;

29 (ii) in paragraph (2), by striking “Subsections (b) and (c)” and inserting  
30 “Subsection (b)”;

31 (iii) in paragraph (4)(B), by striking “subsection (b) or (c)” and inserting  
32 “subsection (b)”;

33 (iv) in paragraph (5)—

34 (I) in subparagraph (A), by striking “subsection (d)” and inserting  
35 “subsection (c)”;

36 (II) in subparagraph (B), by striking “subsection (b), (c), or (d)” and  
37 inserting “subsection (b) or (c)”;

1 (v) in paragraph (6)—

2 (I) in subparagraph (A), by striking “subsection (d), except as provided in  
3 subsection (g)” and inserting “subsection (c), except as provided in  
4 subsection (f)”; and

5 (II) in subparagraph (B), by striking “subsections (b), (c), and (d)” and  
6 inserting “subsections (b) and (c)”; and

7 (E) in subsection (g)—

8 (i) in paragraph (1)—

9 (I) by striking “subsection (f)(6)(A)” and inserting “subsection (e)(6)(A)”  
10 and

11 (II) by striking “subsection (b) or (c)” and inserting “subsection (b)”; and

12 (ii) in paragraph (2)(A), by striking “subsections (b) and (c)” and inserting  
13 “subsection (b)”; and

14 (F) by redesignating subsections (d) through (h) as subsections (c) through (g),  
15 respectively.

16 (2) Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

17 (A) in subsection (a), by striking “subsections (b) and (c)” and inserting “subsection  
18 (b)”; and

19 (B) in subsection (b)(1), by striking “subsection (b) or (c)” and inserting “subsection  
20 (b)”.

21 (3) Section 1001B(a) of the Food Security Act of 1985 (7 U.S.C. 1308–2(a)) is amended  
22 in the matter preceding paragraph (1) by striking “subsections (b) and (c)” and inserting  
23 “subsection (b)”.

24 (4) Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3(a)) is amended  
25 by inserting “title I of the       **Agriculture Reform, Food, and Jobs Act of 2012,**” after  
26 “2008,”.

27 (c) Application.—The amendments made by this section shall apply beginning with the 2013  
28 crop year.

## 29 **SEC. 1604. PAYMENTS LIMITED TO ACTIVE** 30 **FARMERS.**

31 **Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—**

32 **(1) in subsection (b)(2)—**

33 **(A) by striking “or active personal management” each place it appears in**  
34 **subparagraphs (A)(i)(II) and (B)(ii); and**

35 **(B) in subparagraph (C), by striking “, as applied to the legal entity, are met by**  
36 **the legal entity, the partners or members making a significant contribution of**  
37 **personal labor or active personal management” and inserting “are met by**

1 partners or members making a significant contribution of personal labor, those  
2 partners or members”; and

3 (2) in subsection (c)—

4 (A) in paragraph (1)—

5 (i) by striking subparagraph (A) and inserting the following:

6 “(A) the landowner share-rents the land at a rate that is usual and  
7 customary;”;

8 (ii) in subparagraph (B), by striking the period at the end and inserting “;  
9 and”; and

10 (iii) by adding at the end the following:

11 “(C) the share of the payments received by the landowner is commensurate  
12 with the share of the crop or income received as rent.”;

13 (B) in paragraph (2)(A), by striking “active personal management or”;

14 (C) in paragraph (5)—

15 (i) by striking “(5)” and all that follows through “(A) IN GENERAL.—A  
16 person” and inserting the following:

17 “(5) CUSTOM FARMING SERVICES.—A person”;

18 (ii) by inserting “under usual and customary terms” after “services”; and

19 (iii) by striking subparagraph (B); and

20 (D) by adding at the end the following:

21 “(7) FARM MANAGERS.—A person who otherwise meets the requirements of this  
22 subsection other than (b)(2)(A)(i)(II) shall be considered to be actively engaged in  
23 farming with respect to the farming operation if the person—

24 “(A) makes a significant contribution of management to the farming operation  
25 necessary for the farming operation, as determined by the Secretary taking into  
26 account—

27 “(i) the size and complexity of the farming operation; and

28 “(ii) the management requirements normally and customarily required by  
29 similar farming operations;

30 “(B) is the only person qualifying the farming operation (including a sole  
31 proprietorship, legal entity, general partnership, or joint venture) as actively  
32 engaged in farming;

33 “(C) qualifies only a single sole proprietorship, legal entity, general  
34 partnership, or joint venture as actively engaged in farming; and

35 “(D) manages a farm operation that does not substantially share equipment,  
36 labor, or management with persons or legal entities that with the person  
37 collectively receive, directly or indirectly, an amount equal to more than the

1           **applicable limits under section 1001(b).”.**

2   **SEC. 1605. ADJUSTED GROSS INCOME LIMITATION.**

3       (a) In General.—Section 1001D(b) of the Food Security Act of 1985 (7 U.S.C. 1308–3a(b)) is  
4 amended by striking paragraph (1) and inserting the following:

5           “(1) COMMODITY PROGRAMS.—

6               “(A) LIMITATION.—Notwithstanding any other provision of law, a person or legal  
7 entity shall not be eligible to receive any benefit described in subparagraph (B) during  
8 a crop, fiscal or program year, as appropriate, if the average adjusted gross income (or  
9 comparable measure over the 3 taxable years preceding the most immediately  
10 preceding complete taxable year, as determined by the Secretary) of the person or legal  
11 entity exceeds ~~\$900,000~~ **\$750,000**.

12           “(B) COVERED BENEFITS.—Subparagraph (A) applies with respect to the following:

13               “(i) A payment under section 1105 of the ~~\_\_\_\_\_~~**Agriculture Reform, Food,**  
14 **and Jobs Act of 2012.**

15               “(ii) A marketing loan gain or loan deficiency payment under subtitle B of title  
16 I of the ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs Act of 2012.**

17               “(iii) A payment under subtitle E of the ~~\_\_\_\_\_~~**Act of 2012.”. Agriculture**  
18 **Reform, Food, and Jobs Act of 2012.”.**

19               “(iv) A payment under section 196 of the **Federal Agriculture**  
20 **Improvement and Reform Act of 1996 (7 U.S.C. 7333).”.**

21       (b) Application.—The amendments made by this section shall apply beginning with the 2013  
22 crop year.

23 ~~SEC. 1605~~ **1606. GEOGRAPHICALLY DISADVANTAGED**  
24 **FARMERS AND RANCHERS.**

25       Section 1621(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8792(d)) is  
26 amended by striking “2012” and inserting “2017”.

27 ~~SEC. 1606~~ **1607. PERSONAL LIABILITY OF PRODUCERS**  
28 **FOR DEFICIENCIES.**

29       Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284)  
30 is amended by striking “and title I of the Food, Conservation, and Energy Act of 2008” each  
31 place it appears and inserting “title I of the Food, Conservation, and Energy Act of 2008 (7  
32 U.S.C. 8702 et seq.), and title I of the ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs Act of 2012”.**

33 ~~SEC. 1607~~ **1608. PREVENTION OF DECEASED**  
34 **INDIVIDUALS RECEIVING PAYMENTS UNDER FARM**  
35 **COMMODITY PROGRAMS.**

36       (a) Reconciliation.—At least twice each year, the Secretary shall reconcile social security

1 numbers of all individuals who receive payments under this title, whether directly or indirectly,  
2 with the Commissioner of Social Security to determine if the individuals are alive.

3 (b) Preclusion.—The Secretary shall preclude the issuance of payments to, and on behalf of,  
4 deceased individuals that were not eligible for payments.

## 5 **SEC. ~~1608~~. 1609. APPEALS.**

6 (a) Direction, Control, and Support.—Section 272 of the Department of Agriculture  
7 Reorganization Act of 1994 (7 U.S.C. 6992) is amended by striking subsection (c) and inserting  
8 the following:

9 “(c) Direction, Control, and Support.—

10 “(1) DIRECTION AND CONTROL.—

11 “(A) IN GENERAL.—Except as provided in paragraph (2), the Director shall be free  
12 from the direction and control of any person other than the Secretary or the Deputy  
13 Secretary of Agriculture.

14 “(B) ADMINISTRATIVE SUPPORT.—The Division shall not receive administrative  
15 support (except on a reimbursable basis) from any agency other than the Office of the  
16 Secretary.

17 “(C) PROHIBITION ON DELEGATION.—The Secretary may not delegate to any other  
18 officer or employee of the Department, other than the Deputy Secretary of Agriculture  
19 or the Director, the authority of the Secretary with respect to the Division.

20 “(2) EXCEPTION.—The Assistant Secretary for Administration is authorized to  
21 investigate, enforce, and implement the provisions in law, Executive order, or regulations  
22 that relate in general to competitive and excepted service positions and employment within  
23 the Division, including the position of Director, and such authority may be further delegated  
24 to subordinate officials.”.

25 (b) Determination of Appealability of Agency Decisions.—Section 272 of the Department of  
26 Agriculture Reorganization Act of 1994 (7 U.S.C. 6992) is amended by striking subsection (d)  
27 and inserting the following:

28 “(d) Determination of Appealability of Agency Decisions.—

29 “(1) DEFINITION OF A MATTER OF GENERAL APPLICABILITY.—In this subsection, the term  
30 ‘a matter of general applicability’ means a matter that challenges the merits or authority of a  
31 rule, procedure, local or national program practice, or determination of an agency that  
32 applies, or can apply, to more than 1 interested party as opposed to the particular application  
33 of the rule, procedure, or practice to a specific set of facts or the facts themselves as the  
34 facts apply to 1 particular interested party.

35 “(2) MATTERS NOT SUBJECT TO APPEAL.—The Division may not hear appeals—

36 “(A) unless the determination of the agency is adverse to the appellant;

37 “(B) that involve matters of general applicability; and

38 “(C) that involve requests for equitable relief unless the equitable relief has been  
39 denied by the agency.

1 “(3) EQUITABLE RELIEF.—

2 “(A) IN GENERAL.—An appeal requesting equitable relief may not be granted by the  
3 Director to an appellant unless, using the rules and practices that the agency applies to  
4 itself, the agency could in fact have granted the relief because the appellant acted in  
5 good faith, but failed to fully comply with the requirement of the rule or practice of the  
6 agency.

7 “(B) REMAND.—If it cannot be determined whether the agency would have granted  
8 equitable relief because the appellant acted in good faith, but failed to comply with the  
9 rule or practice of the agency, the matter shall be remanded to the agency for further  
10 consideration.

11 “(4) DETERMINATION OF APPEALABILITY.—If an officer, employee, or committee of an  
12 agency determines that a decision is not appealable and a participant appeals the decision to  
13 the Director, the Director shall determine whether the decision is adverse to the individual  
14 participant and appealable or is a matter of general applicability and not subject to appeal.

15 “(5) APPEALABILITY OF DETERMINATION.—The determination of the Director as to  
16 whether a decision is appealable is final.”.

17 (c) Equitable Relief.—Section 278 of the Department of Agriculture Reorganization Act of  
18 1994 (7 U.S.C. 6998) is amended by striking subsection (d). ~~and inserting the following:~~

19 ~~“(d) Equitable Relief.—Subject to regulations issued by the Secretary and the practice and~~  
20 ~~rules of the agency responsible for the relevant program under which the matter arises, the~~  
21 ~~Director shall have the authority to grant equitable relief in the same manner and to the same~~  
22 ~~extent as such authority is provided to the Secretary under section 1613 of Farm Security and~~  
23 ~~Rural Investment Act of 2002 (7 U.S.C. 7996) or any other provision of law.”.~~

24 (d) Conforming Amendment.—Section 296(b) of the Department of Agriculture  
25 Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended—

26 (1) in paragraph (6)(C), by striking “or” at the end;

27 (2) in paragraph (7), by striking the period at the end and inserting “; or”; and

28 (3) by adding at the end the following:

29 “(8) the authority of the Secretary to carry out amendments to sections 272 and 278 made  
30 by the       **Agriculture Reform, Food, and Jobs Act of 2012.**”.

## 31 ~~SEC. 1609~~ **1610. TECHNICAL CORRECTIONS.**

32 (a) Section 359f(c)(1)(B) of the Agricultural Adjustment Act of 1938 (7 U.S.C.  
33 1359ff(c)(1)(B)) is amended by adding a period at the end.

34 (b)(1) Section 1603(g) of the Food, Conservation, and Energy Act of 2008 (Public Law  
35 110–246; 122 Stat. 1739) is amended in paragraphs (2) through (6) and the amendments made by  
36 those paragraphs by striking “1703(a)” each place it appears and inserting “1603(a)”.

37 (2) This subsection and the amendments made by this subsection take effect as if included in  
38 the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122 Stat. 1651).

## 39 ~~SEC. 1610~~ **1611. ASSIGNMENT OF PAYMENTS.**

1 (a) In General.—The provisions of section 8(g) of the Soil Conservation and Domestic  
2 Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments  
3 made under this title.

4 (b) Notice.—The producer making the assignment, or the assignee, shall provide the Secretary  
5 with notice, in such manner as the Secretary may require, of any assignment made under this  
6 section.

## 7 **SEC. ~~1611~~ 1612. TRACKING OF BENEFITS.**

8 As soon as practicable after the date of enactment of this Act, the Secretary may track the  
9 benefits provided, directly or indirectly, to individuals and entities under titles I and II and the  
10 amendments made by those titles.

## 11 **SEC. ~~1612~~ 1613. SIGNATURE AUTHORITY.**

12 (a) In General.—In carrying out this title and title II and amendments made by those titles, if  
13 the Secretary approves a document, the Secretary shall not subsequently determine the document  
14 is inadequate or invalid because of the lack of authority of any person signing the document on  
15 behalf of the applicant or any other individual, entity, general partnership, or joint venture, or the  
16 documents relied upon were determined inadequate or invalid, unless the person signing the  
17 program document knowingly and willfully falsified the evidence of signature authority or a  
18 signature.

19 (b) Affirmation.—

20 (1) IN GENERAL.—Nothing in this section prohibits the Secretary from asking a proper  
21 party to affirm any document that otherwise would be considered approved under  
22 subsection (a).

23 (2) NO RETROACTIVE EFFECT.—A denial of benefits based on a lack of affirmation under  
24 paragraph (1) shall not be retroactive with respect to third-party producers who were not the  
25 subject of the erroneous representation of authority, if the third-party producers—

26 (A) relied on the prior approval by the Secretary of the documents in good faith; and

27 (B) substantively complied with all program requirements.

## 28 **SEC. ~~1613~~ 1614. IMPLEMENTATION.**

29 (a) Streamlining.—In implementing this title, the Secretary shall, to the maximum extent  
30 practicable—

31 (1) seek to reduce administrative burdens and costs to producers by streamlining and  
32 reducing paperwork, forms, and other administrative requirements;

33 (2) improve coordination, information sharing, and administrative work with the Risk  
34 Management Agency and the Natural Resources Conservation Service; and

35 (3) take advantage of new technologies to enhance efficiency and effectiveness of  
36 program delivery to producers.

37 (b) Implementation.—The Secretary shall make available to the Farm Service Agency to carry  
38 out this title \$100,000,000.

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## TITLE II—CONSERVATION [COMPLETE SUBSTITUTE AMENDMENT]

### Subtitle A—Conservation Reserve Program

#### SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS OF CONSERVATION RESERVE PROGRAM.

(a) Extension.—Section 1231(a) of the Food Security Act of 1985 (16 U.S.C. 3831(a)) is amended by striking “2012” and inserting “2017”.

(b) Eligible Land.—Section 1231(b) of the Food Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

(1) in paragraph (1)(B), by striking “the date of enactment of the Food, Conservation, and Energy Act of 2008” and inserting “the date of enactment of the ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs** Act of 2012”;

(2) by striking paragraph (2) and redesignating paragraph (3) as paragraph (2);

(3) by inserting before paragraph (4) the following:

“(3) grassland that—

“(A) contains forbs or shrubland (including improved rangeland and pastureland) for which grazing is the predominant use;

“(B) is located in an area historically dominated by grassland; and

“(C) could provide habitat for animal and plant populations of significant ecological value if the land is retained in its current use or restored to a natural condition;”;

(4) in paragraph (4)(C), by striking “filterstrips devoted to trees or shrubs” and inserting “filterstrips and riparian buffers devoted to trees, shrubs, or grasses”; and

(5) by striking paragraph (5) and inserting the following:

“(5) the portion of land in a field not enrolled in the conservation reserve in a case in which—

“(A) more than 50 percent of the land in the field is enrolled as a buffer or filterstrip or more than 75 percent of the land in the field is enrolled in a practice other than as a buffer or filterstrip; and

“(B) the remainder of the field is—

“(i) infeasible to farm; and

“(ii) enrolled at regular rental rates.”.

(c) Planting Status of Certain Land.—Section 1231(c) of the Food Security Act of 1985 (16 U.S.C. 3831(c)) is amended by striking “if” and all that follows through the period at the end and

1 inserting “if, during the crop year, the land was devoted to a conserving use.”.

2 (d) Enrollment.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended  
3 by striking subsection (d) and inserting the following:

4 “(d) Enrollment.—

5 “(1) MAXIMUM ACREAGE ENROLLED.—The Secretary may maintain in the conservation  
6 reserve at any 1 time during—

7 “(A) fiscal year 2012, no more than 32,000,000 acres;

8 “(B) fiscal year 2013, no more than 30,000,000 acres;

9 “(C) fiscal year 2014, no more than 27,500,000 acres;

10 “(D) fiscal year 2015, no more than 26,500,000 acres;

11 “(E) fiscal year 2016, no more than 25,500,000 acres; and

12 “(F) fiscal year 2017, no more than 25,000,000 acres.

13 “(2) GRASSLAND.—

14 “(A) LIMITATION.—For purposes of applying the limitations in paragraph (1), no  
15 more than 1,500,000 acres of the land described in subsection (b)(3) may be enrolled in  
16 the program at any 1 time during the 2013 through 2017 fiscal years.

17 “(B) PRIORITY.—In enrolling acres under subparagraph (A), the Secretary may give  
18 priority to land with expiring conservation reserve program contracts.

19 “(C) METHOD OF ENROLLMENT.—In enrolling acres under subparagraph (A), the  
20 Secretary shall make the program available to owners or operators of eligible land at  
21 least once during each fiscal year.”.

22 (e) Duration of Contract.—Section 1231(e) of the Food Security Act of 1985 (16 U.S.C.  
23 3831(e)) is amended by striking paragraphs (2) and (3) and inserting the following:

24 “(2) SPECIAL RULE FOR CERTAIN LAND.—In the case of land devoted to hardwood trees,  
25 shelterbelts, windbreaks, or wildlife corridors under a contract entered into under this  
26 subchapter, the owner or operator of the land may, within the limitations prescribed under  
27 this section, specify the duration of the contract.”.

28 (f) Conservation Priority Areas.—Section 1231(f) of the Food Security Act of 1985 (16 U.S.C.  
29 3831(f)) is amended—

30 (1) in paragraph (1), by striking “watershed areas of the Chesapeake Bay Region, the  
31 Great Lakes Region, the Long Island Sound Region, and other”;

32 (2) in paragraph (2), by striking “WATERSHEDS.—Watersheds” and inserting  
33 “AREAS.—Areas”; and

34 (3) in paragraph (3), by striking “a watershed’s designation—” and all that follows  
35 through the period at the end and inserting “an area’s designation if the Secretary finds that  
36 the area no longer contains actual and significant adverse water quality or habitat impacts  
37 related to agricultural production activities.”.

1 **SEC. 2002. FARMABLE WETLAND PROGRAM.**

2 (a) Extension.—Section 1231B(a)(1) of the Food Security Act of 1985 (16 U.S.C.  
3 3831b(a)(1)) is amended—

4 (1) by striking “2012” and inserting “2017”; and

5 (2) by striking “a program” and inserting “a farmable wetland program”.

6 (b) Eligible Acreage.—Section 1231B(b)(1)(B) of the Food Security Act of 1985 (16 U.S.C.  
7 3831b(b)(1)(B)) is amended by striking “flow from a row crop agriculture drainage system” and  
8 inserting “surface and subsurface flow from row crop agricultural production”.

9 (c) Clerical Amendment.—The heading of section 1231B of the Food Security Act of 1985  
10 (16 U.S.C. 3831b) is amended to read as follows:

11 **“SEC. 1231B. FARMABLE WETLAND PROGRAM.”.**

12 **SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

13 (a) Limitation on Harvesting, Grazing or Commercial Use of Forage.—Section 1232(a)(8) of  
14 the Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is amended by striking “except that” and  
15 all that follows through the semicolon at the end of the paragraph and inserting “except as  
16 provided in section ~~1233(b)~~ **1233(b)**”;

17 (b) Conservation Plan Requirements.—Section 1232 of the Food Security Act of 1985 (16  
18 U.S.C. 3832) is amended by striking subsection (b) and inserting the following:

19 “(b) Conservation Plans.—The plan referred to in subsection (a)(1) shall set forth—

20 “(1) the conservation measures and practices to be carried out by the owner or operator  
21 during the term of the contract; and

22 “(2) the commercial use, if any, to be permitted on the land during the term.”.

23 (c) Rental Payment Reduction.—Section 1232 of the Food Security Act of 1985 (16 U.S.C.  
24 3832) is amended by striking subsection (d).

25 **SEC. 2004. DUTIES OF THE SECRETARY.**

26 Section 1233 of the Food Security Act of 1985 (16 U.S.C. 3833) is amended to read as  
27 follows:

28 **“SEC. 1233. DUTIES OF THE SECRETARY.**

29 “(a) Cost-share and Rental Payments.—In return for a contract entered into by an owner or  
30 operator, the Secretary shall—

31 “(1) share the cost of carrying out the conservation measures and practices set forth in the  
32 contract for which the Secretary determines that cost sharing is appropriate and in the public  
33 interest; and

34 “(2) for a period of years not in excess of the term of the contract, pay an annual rental  
35 payment in an amount necessary to compensate for—

1           “(A) the conversion of highly erodible cropland or other eligible land normally  
2 devoted to the production of an agricultural commodity on a farm or ranch to a less  
3 intensive use;

4           “(B) the retirement of any cropland base and allotment history that the owner or  
5 operator agrees to retire permanently; and

6           “(C) the development and management of grassland for multiple natural resource  
7 conservation benefits, including soil, water, air, and wildlife.

8           “(b) Specified Activities Permitted.—The Secretary shall permit certain activities or  
9 commercial uses of land that is subject to the contract if those activities or uses are consistent  
10 with a plan approved by the Secretary and include—

11           “(1) harvesting, grazing, or other commercial use of the forage in response to a drought,  
12 flooding, or other emergency without any reduction in the rental rate;

13           “(2) **grazing by livestock of a beginning farmer or rancher without any reduction in**  
14 **the rental rate, if the grazing is—**

15           **“(A) consistent with the conservation of soil, water quality, and wildlife habitat**  
16 **(including habitat during the primary nesting season for critical birds in the**  
17 **area); and**

18           **“(B) described in subparagraph (B) or (C) of paragraph (3);**

19           **“(3) consistent with the conservation of soil, water quality, and wildlife habitat (including**  
20 **habitat during the primary nesting season for critical birds in the area) and in exchange for a**  
21 **reduction of not less than 25 percent in the annual rental rate for the acres covered by the**  
22 **authorized activity—**

23           “(A) managed harvesting and other commercial use (including the managed  
24 harvesting of biomass), except that in permitting those activities the Secretary, in  
25 coordination with the State technical committee—

26           “(i) shall develop appropriate vegetation management requirements; and

27           “(ii) shall identify periods during which the activities may be conducted, such  
28 that the frequency is at least once every 5 years but not more than once every 3  
29 years;

30           “(B) prescribed grazing for the control of invasive species, which may be conducted  
31 annually;

32           “(C) routine grazing, except that in permitting routine grazing, the Secretary, in  
33 coordination with the State technical committee—

34           “(i) shall develop appropriate vegetation management requirements and  
35 stocking rates for the land that are suitable for continued routine grazing; and

36           “(ii) shall identify the periods during which routine grazing may be conducted,  
37 such that the frequency is not more than once every 2 years, taking into  
38 consideration regional differences such as—

39           “(I) climate, soil type, and natural resources;

1                   “(II) the number of years that should be required between routine grazing  
2                   activities; and

3                   “(III) how often during a year in which routine grazing is permitted that  
4                   routine grazing should be allowed to occur; and

5                   “(D) the installation of wind turbines and associated access, except that in permitting  
6                   the installation of wind turbines, the Secretary shall determine the number and location  
7                   of wind turbines that may be installed, taking into account—

8                   “(i) the location, size, and other physical characteristics of the land;

9                   “(ii) the extent to which the land contains threatened or endangered wildlife and  
10                  wildlife habitat; and

11                  “(iii) the purposes of the conservation reserve program under this subchapter;  
12                  and

13                  ~~“(3)“(4)~~“(4) the intermittent and seasonal use of vegetative buffer practices incidental to the  
14                  production of agriculture on land adjacent to the buffer such that the permitted use does not  
15                  destroy the permanent vegetative cover.

16                  “(c) Authorized Activities on Grassland.—Notwithstanding section 1232(a)(8), for eligible  
17                  land described in section 1231(b)(3), the Secretary shall permit the following activities:

18                  “(1) Common grazing practices, including maintenance and necessary cultural practices,  
19                  on the land in a manner that is consistent with maintaining the viability of grassland, forb,  
20                  and shrub species appropriate to that locality.

21                  “(2) Haying, mowing, or harvesting for seed production, subject to appropriate  
22                  restrictions during the primary nesting season for critical birds in the area.

23                  “(3) Fire presuppression, rehabilitation, and construction of fire breaks.

24                  “(4) Grazing-related activities, such as fencing and livestock watering.

25                  “(d) Resource Conserving Use.—

26                  “(1) IN GENERAL.—Beginning on the date that is 1 year before the date of termination of  
27                  a contract under the program, the Secretary shall allow an owner or operator to make  
28                  conservation and land improvements that facilitate maintaining protection of highly erodible  
29                  land after expiration of the contract.

30                  “(2) CONSERVATION PLAN.—The Secretary shall require an owner or operator carrying  
31                  out the activities described in paragraph (1) to develop and implement a conservation plan.

32                  “(3) REENROLLMENT PROHIBITED.—Land altered under paragraph (1) may not be  
33                  reenrolled in the conservation reserve program for 5 years.

34                  “(4) PAYMENT.—The Secretary shall provide an annual payment that is reduced in an  
35                  amount commensurate with any income or other compensation received as a result of the  
36                  activities carried out under paragraph (1).”.

## 37 SEC. 2005. PAYMENTS.

38                  (a) Trees, Windbreaks, Shelterbelts, and Wildlife Corridors.—Section 1234(b)(3)(A) of the

1 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is amended—

2 (1) in clause (i), by inserting “and” after the semicolon;

3 (2) by striking clause (ii); and

4 (3) by redesignating clause (iii) as clause (ii).

5 (b) Incentives.—Section 1234(b)(3)(B)(~~i~~) of the Food Security Act of 1985 (16 U.S.C.  
6 3834(b)(3)(B)(~~i~~)) ~~is amended~~ **is amended**—

7 **(1) in clause (i)**, by inserting “, practices to improve the condition of resources on the  
8 land,” after “operator””; **and**

9 **(2) by adding at the end the following:**

10 **“(iii) INCENTIVES.—In making rental payments to an owner or operator of**  
11 **land described in subparagraph (A), the Secretary may provide incentive**  
12 **payments sufficient to encourage proper thinning and practices to improve**  
13 **the condition of resources on the land.”.**

14 (c) Annual Rental Payments.—Section 1234(c) of the Food Security Act of 1985 (16 U.S.C.  
15 3834(c)) is amended—

16 (1) in paragraph (1), by inserting “and other eligible land” after “highly erodible  
17 cropland” both places it appears;

18 (2) by striking paragraph (2) and inserting the following:

19 “(2) METHODS OF DETERMINATION.—

20 “(A) IN GENERAL.—The amounts payable to owners or operators in the form of  
21 rental payments under contracts entered into under this subchapter may be determined  
22 through—

23 “(i) the submission of bids for such contracts by owners and operators in such  
24 manner as the Secretary may prescribe; or

25 “(ii) such other means as the Secretary determines are appropriate.

26 “(B) GRASSLAND.—In the case of eligible land described in section 1231(b)(3), the  
27 Secretary shall make annual payments in an amount that is not more than 75 percent of  
28 the grazing value of the land covered by the contract.”; and

29 (3) in paragraph (5)(A)—

30 (A) by striking “The Secretary” and inserting the following:

31 “(i) SURVEY.—The Secretary”; and

32 (B) by adding at the end the following:

33 “(ii) USE.—The Secretary may use the survey of dryland cash rental rates  
34 described in clause (i) as a factor in determining rental rates under this section as  
35 the Secretary determines appropriate.”.

36 (d) Payment Schedule.—Section 1234 of the Food Security Act of 1985 (16 U.S.C. 3834) is  
37 amended by striking subsection (d) and inserting the following:

1 “(d) Payment Schedule.—

2 “(1) IN GENERAL.—Except as otherwise provided in this section, payments under this  
3 subchapter shall be made in cash in such amount and on such time schedule as is agreed on  
4 and specified in the contract.

5 “(2) SOURCE.—Payments under this subchapter shall be made using the funds of the  
6 Commodity Credit Corporation.

7 “(3) ADVANCE PAYMENT.—Payments under this subchapter may be made in advance of  
8 determination of performance.”.

9 (e) Payment Limitation.—Section 1234(f) of the Food Security Act of 1985 (16 U.S.C.  
10 3834(f)) is amended—

11 (1) in paragraph (1), by striking “, including rental payments made in the form of in-kind  
12 commodities,”;

13 (2) by striking paragraph (3); and

14 (3) by redesignating paragraph (4) as paragraph (2).

## 15 SEC. 2006. CONTRACT REQUIREMENTS.

16 Section 1235(f) of the Food Security Act of 1985 (16 U.S.C. 3835(f)) is amended—

17 (1) in paragraph (1)—

18 (A) in the matter preceding subparagraph (A), by striking “DUTIES” and all that  
19 follows through “a beginning farmer” and inserting “TRANSITION TO COVERED FARMER  
20 OR RANCHER.—In the case of a contract modification approved in order to facilitate the  
21 transfer of land subject to a contract from a retired farmer or rancher to a beginning  
22 farmer”;

23 (B) in subparagraph (D), by striking “the farmer or rancher” and inserting “the  
24 covered farmer or rancher”; and

25 (C) in subparagraph (E), by striking “section 1001A(b)(3)(B)” and inserting “section  
26 1001”; and

27 (2) in paragraph (2), by striking “requirement of section 1231(h)(4)(B)” and inserting  
28 “option provided under section 1234(c)(2)(A)(ii)”.

## 29 SEC. 2007. CONVERSION OF LAND SUBJECT TO 30 CONTRACT TO OTHER CONSERVING USES.

31 Section 1235A of the Food Security Act of 1985 (16 U.S.C. 3835a) is repealed.

## 32 SEC. 2008. EFFECTIVE DATE.

33 (a) In General.—The amendments made by this title shall take effect on October 1, 2012,  
34 except, the amendment made by section 2001(d), which shall take effect on the date of  
35 enactment of this Act.

36 (b) Effect on Existing Contracts.—

1 (1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this  
2 title shall not affect the validity or terms of any contract entered into by the Secretary of  
3 Agriculture under subchapter B of chapter 1 of subtitle D of title XII of the Food Security  
4 Act of 1985 (16 U.S.C. 3831 et seq.) before October 1, 2012, or any payments required to  
5 be made in connection with the contract.

6 (2) UPDATING OF EXISTING CONTRACTS.—The Secretary shall permit an owner or  
7 operator with a contract entered into under subchapter B of chapter 1 of subtitle D of title  
8 XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) before October 1, 2012, to  
9 update the contract to reflect the activities and uses of land under contract permitted under  
10 the terms and conditions of paragraphs (1) and (2) of section 1233(b) of that Act (as  
11 amended by section 2004).

## 12 Subtitle B—Conservation Stewardship Program

### 13 SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.

14 (a) Revision of Current Program.—Subchapter B of chapter 2 of subtitle D of title XII of the  
15 Food Security Act of 1985 (16 U.S.C. 3838d et seq.) is amended to read as follows:

#### 16 “Subchapter B—Conservation Stewardship Program

#### 17 “SEC. 1238D. DEFINITIONS.

18 “In this subchapter:

19 “(1) AGRICULTURAL OPERATION.—The term ‘agricultural operation’ means all eligible  
20 land, whether or not contiguous, that is—

21 “(A) under the effective control of a producer at the time the producer enters into a  
22 contract under the program; and

23 “(B) operated with equipment, labor, management, and production or cultivation  
24 practices that are substantially separate from other agricultural operations, as  
25 determined by the Secretary.

26 “(2) CONSERVATION ACTIVITIES.—

27 “(A) IN GENERAL.—The term ‘conservation activities’ means conservation systems,  
28 practices, or management measures ~~that are designed to address 1 or more priority~~  
29 ~~resource concerns.~~

30 “(B) INCLUSIONS.—The term ‘conservation activities’ includes—

31 “(i) structural measures, vegetative measures, and land management measures,  
32 including agriculture drainage management systems, as determined by the  
33 Secretary; and

34 “(ii) planning needed to address a priority resource concern.

35 “(3) CONSERVATION STEWARDSHIP PLAN.—The term ‘conservation stewardship plan’  
36 means a plan that—

37 “(A) identifies and inventories priority resource concerns;

1           “(B) establishes benchmark data and conservation objectives;  
2           “(C) describes conservation activities to be implemented, managed, or improved;  
3           and  
4           “(D) includes a schedule and evaluation plan for the planning, installation, and  
5           management of the new and existing conservation activities.

6           “(4) ELIGIBLE LAND.—

7           “(A) IN GENERAL.—The term ‘eligible land’ means—

8                   “(i) private and tribal land on which agricultural commodities, livestock, or  
9                   forest-related products are produced; and

10                   “(ii) land associated with the land described in clause (i) on which priority  
11                   resource concerns could be addressed through a contract under the program.

12           “(B) INCLUSIONS.—The term ‘eligible land’ includes—

13                   “(i) cropland;

14                   “(ii) grassland;

15                   “(iii) rangeland;

16                   “(iv) pastureland;

17                   “(v) nonindustrial private forest land; and

18                   “(vi) other agricultural land (including cropped woodland, marshes, and  
19                   agricultural land used for the production of livestock), as determined by the  
20                   Secretary.

21           “(5) PRIORITY RESOURCE CONCERN.—The term ‘priority resource concern’ means a  
22           natural resource concern or problem, as determined by the Secretary, that—

23                   “(A) is identified at the national, State or local level, as a priority for a particular  
24                   area of the State;

25                   “(B) represents a significant concern in a State or region; and

26                   “(C) is likely to be addressed successfully through the implementation of  
27                   conservation activities under this program.

28           “(6) PROGRAM.—The term ‘program’ means the conservation stewardship program  
29           established by this subchapter.

30           “(7) STEWARDSHIP THRESHOLD.—The term ‘stewardship threshold’ means the level of  
31           management required, as determined by the Secretary, to conserve and improve the quality  
32           and condition of a natural resource.

## 33   “SEC. 1238E. CONSERVATION STEWARDSHIP 34   PROGRAM.

35           “(a) Establishment and Purpose.—During each of fiscal years 2013 through 2017, the  
36           Secretary shall carry out a conservation stewardship program to encourage producers to address

1 priority resource concerns **and improve and conserve the quality and condition of natural**  
2 **resources** in a comprehensive manner—

3 “(1) by undertaking additional conservation activities; and

4 “(2) by improving, maintaining, and managing existing conservation activities.

5 “(b) Exclusions.—

6 “(1) LAND ENROLLED IN OTHER CONSERVATION PROGRAMS.—Subject to paragraph (2),  
7 the following land (even if covered by the definition of eligible land) is not eligible for  
8 enrollment in the program:

9 “(A) Land enrolled in the conservation reserve program.

10 “(B) Land enrolled in the Agricultural Conservation Easement Program in a wetland  
11 easement.

12 “(C) Land enrolled in the conservation security program.

13 “(2) CONVERSION TO CROPLAND.—Eligible land used for crop production after October 1,  
14 2012, that had not been planted, considered to be planted, or devoted to crop production for  
15 at least 4 of the 6 years preceding that date shall not be the basis for any payment under the  
16 program, unless the land does not meet the requirement because—

17 “(A) the land had previously been enrolled in the conservation reserve program;

18 “(B) the land has been maintained using long-term crop rotation practices, as  
19 determined by the Secretary; or

20 “(C) the land is incidental land needed for efficient operation of the farm or ranch, as  
21 determined by the Secretary.

## 22 “SEC. 1238F. STEWARDSHIP CONTRACTS.

23 “(a) Submission of Contract Offers.—To be eligible to participate in the conservation  
24 stewardship program, a producer shall submit a contract offer for the agricultural operation  
25 that—

26 “(1) demonstrates to the satisfaction of the Secretary that the producer, at the time of the  
27 contract offer, is meeting the stewardship threshold for at least 2 priority resource concerns;  
28 and

29 “(2) would, at a minimum, meet or exceed the stewardship threshold for at least 1  
30 additional priority resource concern by the end of the stewardship contract by—

31 “(A) installing and adopting additional conservation activities; and

32 “(B) improving, maintaining, and managing existing conservation activities on the  
33 agricultural operation in a manner that increases or extends the conservation benefits in  
34 place at the time the contract offer is accepted by the Secretary.

35 “(b) Evaluation of Contract Offers.—

36 “(1) RANKING OF APPLICATIONS.—In evaluating contract offers the Secretary shall rank  
37 applications based on—

1           “(A) the level of conservation treatment on all applicable priority resource concerns  
2           at the time of application;

3           “(B) the degree to which the proposed conservation activities effectively increase  
4           conservation performance;

5           “(C) the number of applicable priority resource concerns proposed to be treated to  
6           meet or exceed the stewardship threshold by the end of the contract;

7           “(D) the extent to which other priority resource concerns will be addressed to meet  
8           or exceed the stewardship threshold by the end of the contract period;

9           “(E) the extent to which the actual and anticipated conservation benefits from the  
10          contract are provided at the least cost relative to other similarly beneficial contract  
11          offers; and

12          “(F) the extent to which priority resource concerns will be addressed when  
13          transitioning from the conservation reserve program to agricultural production.

14          “(2) PROHIBITION.—The Secretary may not assign a higher priority to any application  
15          because the applicant is willing to accept a lower payment than the applicant would  
16          otherwise be eligible to receive.

17          “(3) ADDITIONAL CRITERIA.—The Secretary may develop and use such additional criteria  
18          that the Secretary determines are necessary to ensure that national, State, and local priority  
19          resource concerns are effectively addressed.

20          “(c) Entering Into Contracts.—After a determination that a producer is eligible for the program  
21          under subsection (a), and a determination that the contract offer ranks sufficiently high under the  
22          evaluation criteria under subsection (b), the Secretary shall enter into a conservation stewardship  
23          contract with the producer to enroll the eligible land to be covered by the contract.

24          “(d) Contract Provisions.—

25                  “(1) TERM.—A conservation stewardship contract shall be for a term of 5 years.

26                  “(2) REQUIRED PROVISIONS.—The conservation stewardship contract of a producer  
27                  shall—

28                          “(A) state the amount of the payment the Secretary agrees to make to the producer  
29                          for each year of the conservation stewardship contract under section 1238G(d);

30                          “(B) require the producer—

31                                  “(i) to implement a conservation stewardship plan that describes the program  
32                                  purposes to be achieved through 1 or more conservation activities;

33                                  “(ii) to maintain and supply information as required by the Secretary to  
34                                  determine compliance with the conservation stewardship plan and any other  
35                                  requirements of the program; and

36                                  “(iii) not to conduct any activities on the agricultural operation that would tend  
37                                  to defeat the purposes of the program;

38                          “(C) permit all economic uses of the eligible land that—

39                                  “(i) maintain the agricultural nature of the land; and

1                   “(ii) are consistent with the conservation purposes of the conservation  
2                   stewardship contract;

3                   “(D) include a provision to ensure that a producer shall not be considered in  
4                   violation of the contract for failure to comply with the contract due to circumstances  
5                   beyond the control of the producer, including a disaster or related condition, as  
6                   determined by the Secretary;

7                   “(E) include provisions where upon the violation of a term or condition of the  
8                   contract at any time the producer has control of the land—

9                   “(i) if the Secretary determines that the violation warrants termination of the  
10                  contract—

11                  “(I) to forfeit all rights to receive payments under the contract; and

12                  “(II) to refund all or a portion of the payments received by the producer  
13                  under the contract, including any interest on the payments, as determined by  
14                  the Secretary; or

15                  “(ii) if the Secretary determines that the violation does not warrant termination  
16                  of the contract, to refund or accept adjustments to the payments provided to the  
17                  producer, as the Secretary determines to be appropriate;

18                  “(F) include provisions in accordance with paragraphs (3) and (4) of this section;  
19                  and

20                  “(G) include any additional provisions the Secretary determines are necessary to  
21                  carry out the program.

22                  “(3) CHANGE OF INTEREST IN LAND SUBJECT TO A CONTRACT.—

23                  “(A) IN GENERAL.—At the time of application, a producer shall have control of the  
24                  eligible land to be enrolled in the program. Except as provided in subparagraph (B), a  
25                  change in the interest of a producer in eligible land covered by a contract under the  
26                  program shall result in the termination of the contract with regard to that land.

27                  “(B) TRANSFER OF DUTIES AND RIGHTS.—Subparagraph (A) shall not apply if—

28                  “(i) within a reasonable period of time (as determined by the Secretary) after  
29                  the date of the change in the interest in all or a portion of the land covered by a  
30                  contract under the program, the transferee of the land provides written notice to  
31                  the Secretary that duties and rights under the contract have been transferred to,  
32                  and assumed by, the transferee for the portion of the land transferred;

33                  “(ii) the transferee meets the eligibility requirements of the program; and

34                  “(iii) the Secretary approves the transfer of all duties and rights under the  
35                  contract.

36                  “(4) MODIFICATION AND TERMINATION OF CONTRACTS.—

37                  “(A) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or  
38                  terminate a contract with a producer if—

39                  “(i) the producer agrees to the modification or termination; and

1                   “(ii) the Secretary determines that the modification or termination is in the  
2                   public interest.

3                   “(B) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract if the  
4                   Secretary determines that the producer violated the contract.

5                   “(5) REPAYMENT.—If a contract is terminated, the Secretary may, consistent with the  
6                   purposes of the program—

7                   “(A) allow the producer to retain payments already received under the contract; or

8                   “(B) require repayment, in whole or in part, of payments received and assess  
9                   liquidated damages.

10                  “(e) Contract Renewal.—At the end of the initial 5-year contract period, the Secretary may  
11                  allow the producer to renew the contract for 1 additional 5-year period if the producer—

12                  “(1) demonstrates compliance with the terms of the existing contract;

13                  “(2) agrees to adopt and continue to integrate conservation activities across the entire  
14                  agricultural operation as determined by the Secretary; and

15                  “(3) agrees to address, **at a minimum, to meet or exceed the stewardship threshold as**  
16                  at least 2 additional priority resource concerns on the agricultural operation by the end of  
17                  the contract period.

## 18   “SEC. 1238G. DUTIES OF THE SECRETARY.

19                  “(a) In General.—To achieve the conservation goals of a contract under the conservation  
20                  stewardship program, the Secretary shall—

21                  “(1) make the program available to eligible producers on a continuous enrollment basis  
22                  with 1 or more ranking periods, 1 of which shall occur in the first quarter of each fiscal  
23                  year;

24                  “(2) identify not less than 5 priority resource concerns in a particular watershed or other  
25                  appropriate region or area within a State; and

26                  “(3) establish a science-based stewardship threshold for each priority resource concern  
27                  identified under subparagraph (2).

28                  “(b) Allocation to States.—The Secretary shall allocate acres to States for enrollment, based—

29                  “(1) primarily on each State’s proportion of eligible land to the total acreage of eligible  
30                  land in all States; and

31                  “(2) also on consideration of—

32                  “(A) the extent and magnitude of the conservation needs associated with agricultural  
33                  production in each State;

34                  “(B) the degree to which implementation of the program in the State is, or will be,  
35                  effective in helping producers address those needs; and

36                  “(C) other considerations to achieve equitable geographic distribution of funds, as  
37                  determined by the Secretary.

1 “(c) Acreage Enrollment Limitation.—During the period beginning on October 1, 2012, and  
2 ending on September 30, 2021, the Secretary shall, to the maximum extent practicable—

3 “(1) enroll in the program an additional 10,348,000 acres for each fiscal year; and

4 “(2) manage the program to achieve a national average rate of \$18 per acre, which shall  
5 include the costs of all financial assistance, technical assistance, and any other expenses  
6 associated with enrollment or participation in the program.

7 “(d) Conservation Stewardship Payments.—

8 “(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide annual payments under  
9 the program to compensate the producer for—

10 “(A) installing and adopting additional conservation activities; and

11 “(B) improving, maintaining, and managing conservation activities in place at the  
12 operation of the producer at the time the contract offer is accepted by the Secretary.

13 “(2) PAYMENT AMOUNT.—The amount of the conservation stewardship annual payment  
14 shall be determined by the Secretary and based, to the maximum extent practicable, on the  
15 following factors:

16 “(A) Costs incurred by the producer associated with planning, design, materials,  
17 installation, labor, management, maintenance, or training.

18 “(B) Income forgone by the producer.

19 “(C) Expected conservation benefits.

20 “(D) The extent to which priority resource concerns will be addressed through the  
21 installation and adoption of conservation activities on the agricultural operation.

22 “(E) The level of stewardship in place at the time of application and maintained over  
23 the term of the contract.

24 “(F) The degree to which the conservation activities will be integrated across the  
25 entire agricultural operation for all applicable priority resource concerns over the term  
26 of the contract.

27 “(G) Such other factors as determined by the Secretary.

28 “(3) EXCLUSIONS.—A payment to a producer under this subsection shall not be provided  
29 for—

30 “(A) the design, construction, or maintenance of animal waste storage or treatment  
31 facilities or associated waste transport or transfer devices for animal feeding  
32 operations; or

33 “(B) conservation activities for which there is no cost incurred or income forgone to  
34 the producer.

35 “(4) DELIVERY OF PAYMENTS.—In making stewardship payments, the Secretary shall, to  
36 the extent practicable—

37 “(A) prorate conservation performance over the term of the contract so as to  
38 accommodate, to the extent practicable, producers earning equal annual stewardship

1 payments in each fiscal year; and

2 “(B) make stewardship payments as soon as practicable after October 1 of each  
3 fiscal year for activities carried out in the previous fiscal year.

4 “(e) Supplemental Payments for Resource-conserving Crop Rotations.—

5 “(1) AVAILABILITY OF PAYMENTS.—The Secretary shall provide additional payments to  
6 producers that, in participating in the program, agree to adopt resource-conserving crop  
7 rotations to achieve beneficial crop rotations as appropriate for the eligible land of the  
8 producers.

9 “(2) BENEFICIAL CROP ROTATIONS.—The Secretary shall determine whether a  
10 resource-conserving crop rotation is a beneficial crop rotation eligible for additional  
11 payments under paragraph (1), based on whether the resource-conserving crop rotation is  
12 designed to provide natural resource conservation and production benefits.

13 “(3) ELIGIBILITY.—To be eligible to receive a payment described in paragraph (1), a  
14 producer shall agree to adopt and maintain the resource-conserving crop rotations for the  
15 term of the contract.

16 “(4) RESOURCE-CONSERVING CROP ROTATION.—In this subsection, the term  
17 ‘resource-conserving crop rotation’ means a crop rotation that—

18 “(A) includes at least 1 resource conserving crop (as defined by the Secretary);

19 “(B) reduces erosion;

20 “(C) improves soil fertility and tilth;

21 “(D) interrupts pest cycles; and

22 “(E) in applicable areas, reduces depletion of soil moisture or otherwise reduces the  
23 need for irrigation.

24 “(f) Payment Limitations.—A person or legal entity may not receive, directly or indirectly,  
25 payments under the program that, in the aggregate, exceed \$200,000 under all contracts entered  
26 into during fiscal years 2013 through 2017, excluding funding arrangements with Indian tribes,  
27 regardless of the number of contracts entered into under the program by the person or legal  
28 entity.

29 “(g) Specialty Crop and Organic Producers.—The Secretary shall ensure that outreach and  
30 technical assistance are available, and program specifications are appropriate to enable specialty  
31 crop and organic producers to participate in the program.

32 “(h) Coordination With Organic Certification.—The Secretary shall establish a transparent  
33 means by which producers may initiate organic certification under the Organic Foods Production  
34 Act of 1990 (7 U.S.C. 6501 et seq.) while participating in a contract under the program.

35 “(i) Regulations.—The Secretary shall promulgate regulations that—

36 “(1) prescribe such other rules as the Secretary determines to be necessary to ensure a fair  
37 and reasonable application of the limitations established under subsection (f); and

38 “(2) otherwise enable the Secretary to carry out the program.”

39 (b) Effective Date.—The amendment made by this section shall take effect on October 1,

1 2012.

2 (c) Effect on Existing Contracts.—

3 (1) IN GENERAL.—The amendment made by this section shall not affect the validity or  
4 terms of any contract entered into by the Secretary of Agriculture under subchapter B of  
5 chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838d et  
6 seq.) before October 1, 2012, or any payments required to be made in connection with the  
7 contract.

8 (2) CONSERVATION STEWARDSHIP PROGRAM.—Funds made available under section  
9 1241(a)(4) of the Food Security Act of 1985 (16 U.S.C. 3841(a)(4)) (as amended by section  
10 2601(a)) may be used to administer and make payments to program participants enrolled  
11 into contracts during any of fiscal years 2009 through 2012.

## 12 Subtitle C—Environmental Quality Incentives Program

### 13 SEC. 2201. PURPOSES.

14 Section 1240 of the Food Security Act of 1985 (16 U.S.C. 3839aa) is amended—

15 (1) in paragraph (3)—

16 (A) in subparagraph (A), by striking “and” at the end;

17 (B) by redesignating subparagraph (B) as subparagraph (C) and, in such  
18 subparagraph, by inserting “and” after the semicolon; and

19 (C) by inserting after subparagraph (A) the following:

20 “(B) develop and improve wildlife habitat; and”;

21 (2) in paragraph (4), by striking “; and” and inserting a period; and

22 (3) by striking paragraph (5).

### 23 SEC. 2202. DEFINITIONS.

24 Section 1240A of the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is amended—

25 (1) by striking paragraph (2) and redesignating paragraphs (3) through (6) as paragraphs  
26 (2) through (5), respectively; and

27 (2) in paragraph (2) (as so redesignated), by inserting “established under the Organic  
28 Foods Production Act of 1990 (7 U.S.C. 6501 et seq.)” after “national organic program”.

### 29 SEC. 2203. ESTABLISHMENT AND ADMINISTRATION.

30 Section 1240B of the Food Security Act of 1985 (16 U.S.C. 3839aa–2) is amended—

31 (1) in subsection (a), by striking “2014” and inserting “2017”;

32 (2) in subsection (b), by striking paragraph (2) and inserting the following:

33 “(2) TERM.—A contract under the program shall have a term that does not exceed 10  
34 years.”;

1 (3) in subsection (d)—

2 (A) in paragraph (3), by striking subparagraphs (A) through (G) and inserting the  
3 following:

4 “(A) soil health;

5 “(B) water quality and quantity improvement;

6 “(C) nutrient management;

7 “(D) pest management;

8 “(E) air quality improvement;

9 “(F) wildlife habitat development, including pollinator habitat;

10 “(G) invasive species management; or

11 “(H) other resource issues of regional or national significance, as determined by the  
12 Secretary.”; and

13 (B) in paragraph ~~(4)~~,**(4)**—

14 **(i) in subparagraph (A) in the matter preceding clause (i), by inserting “,**  
15 **veteran farmer or rancher (as defined in section 2501(e) of the Food,**  
16 **Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)),”**  
17 **before “or a beginning farmer or rancher”;** and

18 **(ii) by striking subparagraph (B) and inserting the following:**

19 “(B) ADVANCE PAYMENTS.—

20 “(i) IN GENERAL.—Not more than 30 percent of the amount determined under  
21 subparagraph (A) may be provided in advance for the purpose of purchasing  
22 materials or contracting.

23 “(ii) RETURN OF FUNDS.—If funds provided in advance are not expended during  
24 the 90-day period beginning on the date of receipt of the funds, the funds shall be  
25 returned within a reasonable time frame, as determined by the Secretary.”;

26 (4) by striking subsection (f) and inserting the following:

27 “(f) Allocation of Funding.—

28 “(1) LIVESTOCK.—For each of fiscal years 2013 through 2017, at least 60 percent of the  
29 funds made available for payments under the program shall be targeted at practices relating  
30 to livestock production.

31 “(2) WILDLIFE HABITAT.—For each of fiscal years 2013 through 2017, at least 5 percent  
32 of the funds made available for payments under the program shall be targeted at practices  
33 benefitting wildlife habitat under subsection (g).”; and

34 (5) by striking subsection (g) and inserting the following:

35 “(g) Wildlife Habitat Incentive Practice.—The Secretary shall provide payments under the  
36 program for conservation practices that support the restoration, development, and improvement  
37 of wildlife habitat on eligible land, including—

- 1 “(1) upland wildlife habitat;
- 2 “(2) wetland wildlife habitat;
- 3 “(3) habitat for threatened and endangered species;
- 4 “(4) fish habitat;
- 5 “(5) habitat on pivot corners and other irregular areas of a field; and
- 6 “(6) other types of wildlife habitat, as determined by the Secretary.”.

## 7 **SEC. 2204. EVALUATION OF APPLICATIONS.**

8 Section 1240C(b) of the Food Security Act of 1985 (16 U.S.C. 3839aa–3(b)) is amended—

9 (1) in paragraph (1), by striking “environmental” and inserting “conservation”; and

10 (2) in paragraph (3), by striking “purpose of the environmental quality incentives  
11 program specified in section 1240(1)” and inserting “purposes of the program”.

## 12 **SEC. 2205. DUTIES OF PRODUCERS.**

13 Section 1240D(2) of the Food Security Act of 1985 (16 U.S.C. 3839aa–4(2)) is amended by  
14 striking “farm, ranch, or forest” and inserting “enrolled”.

## 15 **SEC. 2206. LIMITATION ON PAYMENTS.**

16 Section 1240G of the Food Security Act of 1985 (16 U.S.C. 3839aa–7) is amended—

17 (1) in subsection (a)—

18 (A) by striking “by the person or entity during any six-year period,” and inserting  
19 “during fiscal years 2013 through 2017”; and

20 (B) by striking “federally recognized” and all that follows through the period and  
21 inserting “Indian tribes under section 1244(1).”; and

22 (2) in subsection (b)(2), by striking “any six-year period” and inserting “fiscal years 2013  
23 through 2017”.

## 24 **SEC. 2207. CONSERVATION INNOVATION GRANTS AND** 25 **PAYMENTS.**

26 Section 1240H of the Food Security Act of 1985 (16 U.S.C. 3839aa–8) is amended by striking  
27 subsection (b) and inserting the following:

28 “(b) Reporting.—Not later than December 31, 2013, and every 2 years thereafter, the  
29 Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate  
30 and the Committee on Agriculture of the House of Representatives a report on the status of  
31 projects funded under this section, including—

32 “(1) funding awarded;

33 “(2) project results; and

34 “(3) incorporation of project findings, such as new technology and innovative

1 approaches, into the conservation efforts implemented by the Secretary.”.

## 2 SEC. 2208. EFFECTIVE DATE.

3 (a) In General.—The amendments made by this title shall take effect on October 1, 2012.

4 (b) Effect on Existing Contracts.—The amendments made by this title shall not affect the  
5 validity or terms of any contract entered into by the Secretary of Agriculture under chapter 4 of  
6 subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) before October  
7 1, 2012, or any payments required to be made in connection with the contract.

## 8 Subtitle D—Agricultural Conservation Easement Program

### 9 SEC. 2301. AGRICULTURAL CONSERVATION 10 EASEMENT PROGRAM.

11 (a) Establishment.—Title XII of the Food Security Act of 1985 is amended by adding at the  
12 end the following:

#### 13 “Subtitle H—Agricultural Conservation Easement Program

#### 14 “SEC. 1265. ESTABLISHMENT AND PURPOSES.

15 “(a) Establishment.—The Secretary shall establish an Agricultural Conservation Easement  
16 Program for the conservation of eligible land and natural resources through easements or other  
17 interests in land.

18 “(b) Purposes.—The purposes of the program are to—

19 “(1) combine the purposes and coordinate the functions of the wetlands reserve program  
20 established under section 1237, the grassland reserve program established under section  
21 1238N, and the farmland protection program established under section 1238I;

22 “(2) restore, protect, and enhance wetland on eligible land;

23 “(3) protect the agricultural use, **viability**, and related conservation values of eligible land  
24 by limiting nonagricultural uses of that land; and

25 “(4) protect grazing uses and related conservation values by restoring and conserving  
26 eligible land.

#### 27 “SEC. 1265A. DEFINITIONS.

28 “In this subtitle:

29 “(1) AGRICULTURAL LAND EASEMENT.—The term ‘agricultural land easement’ means an  
30 easement or other interest in eligible land that—

31 “(A) is conveyed for the ~~purpose~~ **purposes** of protecting natural resources and the  
32 agricultural nature of the land, **and of promoting agricultural viability for future**  
33 **generations**; and

34 “(B) permits the landowner the right to continue agricultural production and related  
35 uses subject to an agricultural land easement plan.

- 1           “(2) ELIGIBLE ENTITY.—The term ‘eligible entity’ means—
- 2                   “(A) an agency of State or local government or an Indian tribe (including farmland
- 3                   protection board or land resource council established under State law); or
- 4                   “(B) an organization that is—
- 5                           “(i) organized for, and at all times since the formation of the organization has
- 6                           been operated principally for, 1 or more of the conservation purposes specified in
- 7                           clause (i), (ii), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code
- 8                           of 1986;
- 9                           “(ii) an organization described in section 501(c)(3) of that Code that is exempt
- 10                          from taxation under section 501(a) of that Code; or
- 11                          “(iii) described in—
- 12                                   “(I) paragraph (1) or (2) of section 509(a) of that Code; or
- 13                                   “(II) section 509(a)(3) of that Code and is controlled by an organization
- 14                                   described in section 509(a)(2) of that Code.
- 15           “(3) ELIGIBLE LAND.—The term ‘eligible land’ means private or tribal land that is—
- 16                   “(A) in the case of an agricultural land easement, agricultural land, including land on
- 17                   a farm or ranch—
- 18                           “(i) that is subject to a pending offer for purchase from an eligible entity;
- 19                           “(ii) that—
- 20                                   “(I) has prime, unique, or other productive soil;
- 21                                   “(II) contains historical or archaeological resources; or
- 22                                   “(III) the protection of which will further a State or local policy consistent
- 23                                   with the purposes of the program; and
- 24                           “(iii) that is—
- 25                                   “(I) cropland;
- 26                                   “(II) rangeland;
- 27                                   “(III) grassland or land that contains forbs, or shrubland for which grazing
- 28                                   is the predominant use;
- 29                                   “(IV) pastureland; or
- 30                                   “(V) nonindustrial private forest land that contributes to the economic
- 31                                   viability of an offered parcel or serves as a buffer to protect such land from
- 32                                   development;
- 33                   “(B) in the case of a wetland easement, a wetland or related area, including—
- 34                           “(i) farmed or converted wetland, together with the adjacent land that is
- 35                           functionally dependent on that land if the Secretary determines it—
- 36                                   “(I) is likely to be successfully restored in a cost effective manner; and

1 “(II) will maximize the wildlife benefits and wetland functions and values  
2 as determined by the Secretary in consultation with the Secretary of the  
3 Interior at the local level;

4 “(ii) cropland or grassland that was used for agricultural production prior to  
5 flooding from the natural overflow of a closed basin lake (~~if the State or other~~  
6 ~~entity is willing to provide a 50 percent share of the cost of an easement)~~ or  
7 pothole, as determined by the Secretary, together (where practicable) with the  
8 adjacent land that is functionally dependent on the cropland or grassland;

9 “(iii) farmed wetland and adjoining land that—

10 “(I) is enrolled in the conservation reserve program;

11 “(II) has the highest wetland functions and values; and

12 “(III) is likely to return to production after the land leaves the conservation  
13 reserve program;

14 “(iv) riparian areas that link wetland that is protected by easements or some  
15 other device that achieves the same purpose as an easement; or

16 “(v) other wetland of an owner that would not otherwise be eligible if the  
17 Secretary determines that the inclusion of such wetland in such easement would  
18 significantly add to the functional value of the easement; and

19 “(C) in the case of both an agricultural land easement or wetland easement, other  
20 land that is incidental to eligible land if the Secretary determines that it is necessary for  
21 the efficient administration of the easements under this program.

22 “(4) PROGRAM.—The term ‘program’ means the Agricultural Conservation Easement  
23 Program established by this subtitle.

24 “(5) WETLAND EASEMENT.—The term ‘wetland easement’ means a reserved interest in  
25 eligible land that—

26 “(A) is defined and delineated in a deed; and

27 “(B) stipulates—

28 “(i) the rights, title, and interests in land conveyed to the Secretary; and

29 “(ii) the rights, title, and interests in land that are reserved to the landowner.

## 30 “SEC. 1265B. AGRICULTURAL LAND EASEMENTS.

31 “(a) Availability of Assistance.—The Secretary shall facilitate and provide funding for—

32 “(1) the purchase of agricultural land easements and other interests in eligible land; and

33 “(2) technical assistance to provide for the conservation of natural resources pursuant to  
34 an agricultural land easement plan.

35 “(b) Cost-share Assistance.—

36 “(1) IN GENERAL.—The Secretary shall provide cost-share assistance to eligible entities  
37 for purchasing agricultural land easements to protect the agricultural use, including grazing,

1 and related conservation values of eligible land.

2 “(2) SCOPE OF ASSISTANCE AVAILABLE.—

3 “(A) FEDERAL SHARE.—Subject to subparagraph (C), an agreement described in  
4 paragraph (4) shall provide for a Federal share determined by the Secretary of an  
5 amount not to exceed 50 percent of the fair market value of the agricultural land  
6 easement or other interest in land, as determined by the Secretary using—

7 “(i) the Uniform Standards of Professional Appraisal Practices;

8 “(ii) an area-wide market analysis or survey; or

9 “(iii) another industry approved method.

10 “(B) NON-FEDERAL SHARE.—

11 “(i) IN GENERAL.—Subject to subparagraph (C), under the agreement, the  
12 eligible entity shall provide a share that is at least equivalent to that provided by  
13 the Secretary.

14 “(ii) SOURCE OF CONTRIBUTION.—An eligible entity may include as part of its  
15 share a charitable donation or qualified conservation contribution (as defined by  
16 section 170(h) of the Internal Revenue Code of 1986) from the private landowner  
17 if the eligible entity contributes its own cash resources in an amount that is at least  
18 50 percent of the amount contributed by the Secretary.

19 “(C) WAIVER AUTHORITY.—In the case of grassland of special environmental  
20 significance, as determined by the Secretary, the Secretary may provide up to 75  
21 percent of the fair market value of the agricultural land easement.

22 “(3) EVALUATION AND RANKING OF APPLICATIONS.—

23 “(A) CRITERIA.—The Secretary shall establish evaluation and ranking criteria to  
24 maximize the benefit of Federal investment under the program.

25 “(B) CONSIDERATIONS.—In establishing the criteria, the Secretary shall emphasize  
26 support for—

27 “(i) protecting agricultural uses and related conservation values of the land; and

28 “(ii) maximizing the protection of contiguous acres devoted to agricultural use.

29 “(C) BIDDING DOWN.—If the Secretary determines that 2 or more applications for  
30 cost-share assistance are comparable in achieving the purpose of the program, the  
31 Secretary shall not assign a higher priority to any of those applications solely on the  
32 basis of lesser cost to the program.

33 “(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

34 “(A) IN GENERAL.—The Secretary shall enter into agreements with eligible entities  
35 to stipulate the terms and conditions under which the eligible entity is permitted to use  
36 cost-share assistance provided under this section.

37 “(B) LENGTH OF AGREEMENTS.—An agreement shall be for a term that is—

38 “(i) in the case of an eligible entity certified under the process described in

1 paragraph (5), a minimum of 5 years; and

2 “(ii) for all other eligible entities, at least 3, but not more than 5 years.

3 “(C) MINIMUM TERMS AND CONDITIONS.—An eligible entity shall be authorized to  
4 use its own terms and conditions for agricultural land easements so long as the  
5 Secretary determines such terms and conditions—

6 “(i) are consistent with the purposes of the program;

7 “(ii) are permanent or for the maximum duration allowed under applicable  
8 State law;

9 “(iii) permit effective enforcement of the conservation purposes of such  
10 easements, including appropriate restrictions depending on the purposes for which  
11 the easement is acquired;

12 “(iv) include a right of enforcement for the Secretary;

13 “(v) subject the land purchased to an agricultural land easement plan that—

14 “(I) describes the activities which promote the long-term viability of the  
15 land to meet the purposes for which the easement was acquired;

16 “(II) requires the management of grassland according to a grassland  
17 management plan; and

18 “(III) includes a conservation plan, where appropriate, and requires, at the  
19 option of the Secretary, the conversion of highly erodible cropland to less  
20 intensive uses; and

21 “(vi) include a limit on the impervious surfaces to be allowed that is consistent  
22 with the agricultural activities to be conducted.

23 “(D) SUBSTITUTION OF QUALIFIED PROJECTS.—An agreement shall allow, upon  
24 mutual agreement of the parties, substitution of qualified projects that are identified at  
25 the time of the proposed substitution.

26 “(E) EFFECT OF VIOLATION.—If a violation occurs of a term or condition of an  
27 agreement under this subsection—

28 “(i) the agreement may be terminated; and

29 “(ii) the Secretary may require the eligible entity to refund all or part of any  
30 payments received by the entity under the program, with interest on the payments  
31 as determined appropriate by the Secretary.

32 “(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

33 “(A) CERTIFICATION PROCESS.—The Secretary shall establish a process under which  
34 the Secretary may—

35 “(i) directly certify eligible entities that meet established criteria;

36 “(ii) enter into long-term agreements with certified eligible entities; and

37 “(iii) accept proposals for cost-share assistance for the purchase of agricultural  
38 land easements throughout the duration of such agreements.

1           “(B) CERTIFICATION CRITERIA.—In order to be certified, an eligible entity shall  
2 demonstrate to the Secretary that the entity will maintain, at a minimum, for the  
3 duration of the agreement—

4                   “(i) a plan for administering easements that is consistent with the purpose of  
5 this subtitle;

6                   “(ii) the capacity and resources to monitor and enforce agricultural land  
7 easements; and

8                   “(iii) policies and procedures to ensure—

9                           “(I) the long-term integrity of agricultural land easements on eligible land;

10                           “(II) timely completion of acquisitions of easements; and

11                           “(III) timely and complete evaluation and reporting to the Secretary on the  
12 use of funds provided under the program.

13           “(C) REVIEW AND REVISION.—

14                   “(i) REVIEW.—The Secretary shall conduct a review of eligible entities certified  
15 under subparagraph (A) every 3 years to ensure that such entities are meeting the  
16 criteria established under subparagraph (B).

17                   “(ii) REVOCATION.—If the Secretary finds that the certified entity no longer  
18 meets the criteria established under subparagraph (B), the Secretary may—

19                           “(I) allow the certified entity a specified period of time, at a minimum 180  
20 days, in which to take such actions as may be necessary to meet the criteria;  
21 and

22                           “(II) revoke the certification of the entity, if after the specified period of  
23 time, the certified entity does not meet such criteria.

24           “(c) Technical Assistance.—The Secretary may provide technical assistance, if requested, to  
25 assist in—

26                   “(1) compliance with the terms and conditions of easements; and

27                   “(2) implementation of an agricultural land easement plan.

## 28   **“SEC. 1265C. WETLAND EASEMENTS.**

29           “(a) Availability of Assistance.—The Secretary shall provide assistance to owners of eligible  
30 land to restore, protect, and enhance wetland through—

31                   “(1) easements and related wetland easement plans; and

32                   “(2) technical assistance.

33           “(b) Easements.—

34                   “(1) METHOD OF ENROLLMENT.—The Secretary shall enroll eligible land through the use  
35 of—

36                   “(A) 30-year easements;

- 1           “(B) permanent easements;  
2           “(C) easements for the maximum duration allowed under applicable State laws; or  
3           “(D) as an option for Indian tribes only, 30-year contracts.

4           “(2) LIMITATIONS.—

5           “(A) INELIGIBLE LAND.—The Secretary may not acquire easements on—

6                 “(i) land established to trees under the conservation reserve program, except in  
7                 cases where the Secretary determines it would further the purposes of the  
8                 program; and

9                 “(ii) farmed wetland or converted wetland where the conversion was not  
10                commenced prior to December 23, 1985.

11           “(B) CHANGES IN OWNERSHIP.—No easement shall be created on land that has  
12           changed ownership during the preceding 24-month period unless—

13                 “(i) the new ownership was acquired by will or succession as a result of the  
14                 death of the previous owner;

15                 “(ii)(I) the ownership change occurred because of foreclosure on the land; and

16                 “(II) immediately before the foreclosure, the owner of the land exercises a right  
17                 of redemption from the mortgage holder in accordance with State law; or

18                 “(iii) the Secretary determines that the land was acquired under circumstances  
19                 that give adequate assurances that such land was not acquired for the purposes of  
20                 placing it in the program.

21           “(3) EVALUATION AND RANKING OF OFFERS.—

22           “(A) CRITERIA.—The Secretary shall establish evaluation and ranking criteria to  
23           maximize the benefit of Federal investment under the program.

24           “(B) CONSIDERATIONS.—When evaluating offers from landowners, the Secretary  
25           may consider—

26                 “(i) the conservation benefits of obtaining an easement or 30-year contract,  
27                 including the potential environmental benefits if the land was removed from  
28                 agricultural production;

29                 “(ii) the cost-effectiveness of each easement or 30-year contract, so as to  
30                 maximize the environmental benefits per dollar expended;

31                 “(iii) whether the landowner or another person is offering to contribute  
32                 financially to the cost of the easement or 30-year contract to leverage Federal  
33                 funds; and

34                 “(iv) such other factors as the Secretary determines are necessary to carry out  
35                 the purposes of the program.

36           “(C) PRIORITY.—The Secretary shall place priority on acquiring easements based on  
37           the value of the easement for protecting and enhancing habitat for migratory birds and  
38           other wildlife.

1           “(4) AGREEMENT.—To be eligible to place eligible land into the program through a  
2 wetland easement, the owner of such land shall enter into an agreement with the Secretary  
3 to—

4           “(A) grant an easement on such land to the Secretary;

5           “(B) authorize the implementation of a wetland easement plan;

6           “(C) create and record an appropriate deed restriction in accordance with applicable  
7 State law to reflect the easement agreed to;

8           “(D) provide a written statement of consent to such easement signed by those  
9 holding a security interest in the land;

10          “(E) comply with the terms and conditions of the easement and any related  
11 agreements; and

12          “(F) permanently retire any existing cropland base and allotment history for the land  
13 on which the easement has been obtained.

14          “(5) TERMS AND CONDITIONS OF EASEMENT.—

15          “(A) IN GENERAL.—A wetland easement shall include terms and conditions that—

16           “(i) permit—

17           “(I) repairs, improvements, and inspections on the land that are necessary  
18 to maintain existing public drainage systems; and

19           “(II) owners to control public access on the easement areas while  
20 identifying access routes to be used for restoration activities and  
21 management and easement monitoring;

22           “(ii) prohibit—

23           “(I) the alteration of wildlife habitat and other natural features of such  
24 land, unless specifically authorized by the Secretary;

25           “(II) the spraying of such land with chemicals or the mowing of such land,  
26 except where such spraying or mowing is authorized by the Secretary or is  
27 necessary—

28           “(aa) to comply with Federal or State noxious weed control laws;

29           “(bb) to comply with a Federal or State emergency pest treatment  
30 program; or

31           “(cc) to meet habitat needs of specific wildlife species;

32           “(III) any activities to be carried out on the owner’s or successor’s land  
33 that is immediately adjacent to, and functionally related to, the land that is  
34 subject to the easement if such activities will alter, degrade, or otherwise  
35 diminish the functional value of the eligible land; and

36           “(IV) the adoption of any other practice that would tend to defeat the  
37 purposes of the program, as determined by the Secretary;

38           “(iii) provide for the efficient and effective establishment of wetland functions

1 and values; and

2 “(iv) include such additional provisions as the Secretary determines are  
3 desirable to carry out the program or facilitate the practical administration thereof.

4 “(B) VIOLATION.—On the violation of the terms or conditions of the easement, the  
5 easement shall remain in force and the Secretary may require the owner to refund all or  
6 part of any payments received by the owner under the program, together with interest  
7 thereon as determined appropriate by the Secretary.

8 “(C) COMPATIBLE USES.—Land subject to a wetland easement may be used for  
9 compatible economic uses, including such activities as hunting and fishing, managed  
10 timber harvest, or periodic haying or grazing, if such use is specifically permitted by  
11 the wetland easement plan and is consistent with the long-term protection and  
12 enhancement of the wetland resources for which the easement was established.

13 “(D) RESERVATION OF GRAZING RIGHTS.—The Secretary may include in the terms  
14 and conditions of an easement a provision under which the owner reserves grazing  
15 rights if—

16 “(i) the Secretary determines that the reservation and use of the grazing  
17 rights—

18 “(I) is compatible with the land subject to the easement;

19 “(II) is consistent with the historical natural uses of the land and long-term  
20 protection and enhancement goals for which the easement was established;  
21 and

22 “(III) complies with the wetland easement plan; and

23 “(ii) the agreement provides for a commensurate reduction in the easement  
24 payment to account for the grazing value, as determined by the Secretary.

25 “(E) APPLICATION.—The relevant provisions of this paragraph shall also apply to a  
26 30-year contract.

27 “(6) COMPENSATION.—

28 “(A) DETERMINATION.—

29 “(i) IN GENERAL.—The Secretary shall pay as compensation for a permanent  
30 easement acquired an amount necessary to encourage enrollment in the program  
31 based on the lowest of—

32 “(I) the fair market value of the land, as determined by the Secretary,  
33 using the Uniform Standards of Professional Appraisal Practices or an  
34 area-wide market analysis or survey;

35 “(II) the amount corresponding to a geographical cap, as determined by  
36 the Secretary in regulations; or

37 “(III) the offer made by the landowner.

38 “(ii) OTHER.—Compensation for a 30-year contract or 30-year easement shall  
39 be not less than 50 percent, but not more than 75 percent, of the compensation

1 that would be paid for a permanent easement.

2 “(B) FORM OF PAYMENT.—Compensation shall be provided by the Secretary in the  
3 form of a cash payment, in an amount determined under subparagraph (A).

4 “(C) PAYMENT SCHEDULE.—

5 “(i) EASEMENTS VALUED AT LESS THAN \$500,000.—For easements valued at  
6 \$500,000 or less, the Secretary may provide easement payments in not more than  
7 10 annual payments.

8 “(ii) EASEMENTS VALUED AT MORE THAN \$500,000.—For easements valued at  
9 more than \$500,000, the Secretary may provide easement payments in at least 5,  
10 but not more than 10 annual payments, except that, if the Secretary determines it  
11 would further the purposes of the program, the Secretary may make a lump sum  
12 payment for such an easement.

13 “(c) Easement Restoration.—

14 “(1) IN GENERAL.—The Secretary shall provide financial assistance to carry out the  
15 establishment of conservation measures and practices and protect wetland functions and  
16 values, including necessary maintenance activities, as set forth in a wetland easement plan.

17 “(2) PAYMENTS.—The Secretary shall—

18 “(A) in the case of a permanent easement, pay an amount that is not less than 75  
19 percent, but not more than 100 percent, of the eligible costs; and

20 “(B) in the case of a 30-year contract or 30-year easement, pay an amount that is not  
21 less than 50 percent, but not more than 75 percent, of the eligible costs.

22 “(d) Technical Assistance.—

23 “(1) IN GENERAL.—The Secretary shall assist owners in complying with the terms and  
24 conditions of easements and 30-year contracts.

25 “(2) CONTRACTS OR AGREEMENTS.—The Secretary may enter into 1 or more contracts  
26 with private entities or agreements with a State, non-governmental organization, or Indian  
27 tribe to carry out necessary restoration, enhancement or maintenance of an easement if the  
28 Secretary determines that the contract or agreement will advance the purposes of the  
29 program.

30 “(e) Wetland Enhancement Option.—The Secretary may enter into 1 or more agreements with  
31 a State (including a political subdivision or agency of a State), nongovernmental organization, or  
32 Indian tribe to carry out a special wetland enhancement option that the Secretary determines  
33 would advance the purposes of the program.

34 “(f) Administration.—

35 “(1) WETLAND EASEMENT PLAN.—The Secretary shall develop a wetland easement plan  
36 for eligible land subject to a wetland easement, which will include the practices and  
37 activities necessary to restore, protect, enhance, and maintain the enrolled land.

38 “(2) DELEGATION OF EASEMENT ADMINISTRATION.—

39 “(A) IN GENERAL.—The Secretary may delegate any of the easement management,

1 monitoring, and enforcement responsibilities of the Secretary to other Federal or State  
2 agencies that have the appropriate authority, expertise and resources necessary to carry  
3 out such delegated responsibilities or to other conservation organizations if the  
4 Secretary determines the organization has similar expertise and resources.

5 “(B) LIMITATION.—The Secretary shall not delegate any of the monitoring or  
6 enforcement responsibilities under the program to conservation organizations.

7 “(3) PAYMENTS.—

8 “(A) TIMING OF PAYMENTS.—The Secretary shall provide payment for obligations  
9 incurred by the Secretary under this section—

10 “(i) with respect to any easement restoration obligation as soon as possible after  
11 the obligation is incurred; and

12 “(ii) with respect to any annual easement payment obligation incurred by the  
13 Secretary as soon as possible after October 1 of each calendar year.

14 “(B) PAYMENTS TO OTHERS.—If an owner who is entitled to a payment dies,  
15 becomes incompetent, is otherwise unable to receive such payment, or is succeeded by  
16 another person or entity who renders or completes the required performance, the  
17 Secretary shall make such payment, in accordance with regulations prescribed by the  
18 Secretary and without regard to any other provision of law, in such manner as the  
19 Secretary determines is fair and reasonable in light of all of the circumstances.

## 20 “SEC. 1265D. ADMINISTRATION.

21 “(a) Ineligible Land.—The Secretary may not acquire an easement under the program on—

22 “(1) land owned by an agency of the United States, other than land held in trust for Indian  
23 tribes;

24 “(2) land owned in fee title by a State, including an agency or a subdivision of a State, or  
25 a unit of local government;

26 “(3) land subject to an easement or deed restriction which, as determined by the  
27 Secretary, provides similar protection as would be provided by enrollment in the program;  
28 and

29 “(4) land where the purposes of the program would be undermined due to on-site or  
30 off-site conditions, such as risk of hazardous substances, proposed or existing rights of way,  
31 infrastructure development, or adjacent land uses.

32 “(b) Priority.—In evaluating applications under the program, the Secretary may give priority  
33 to land that is currently enrolled in the conservation reserve program in a contract that is set to  
34 expire within 1 year and—

35 “(1) in the case of an agricultural land easement, is grassland that would benefit from  
36 protection under a long-term easement; and

37 “(2) in the case of a wetland easement, is a wetland or related area with the highest  
38 functions and value and is likely to return to production after the land leaves the  
39 conservation reserve program.

1 “(c) Subordination, Exchange, Modification, and Termination.—

2 “(1) IN GENERAL.—The Secretary may subordinate, exchange, terminate, or modify any  
3 interest in land, or portion of such interest, administered by the Secretary, either directly or  
4 on behalf of the Commodity Credit Corporation under the program when the Secretary  
5 determines that—

6 “(A) it is in the Federal Government’s interest to subordinate, exchange, modify or  
7 terminate the interest in land;

8 “(B) the subordination, exchange, modification, or termination action—

9 “(i) will address a compelling public need for which there is no practicable  
10 alternative, or

11 “(ii) such action will further the practical administration of the program; and

12 “(C) the subordination, exchange, modification, or termination action will result in  
13 comparable conservation value and equivalent or greater economic value to the United  
14 States.

15 “(2) CONSULTATION.—The Secretary shall work with the current owner, and eligible  
16 entity if applicable, to address any subordination, exchange, termination, or modification of  
17 the interest, or portion of such interest in land.

18 “(3) NOTICE.—At least 90 days before taking any termination action described in  
19 paragraph (1), the Secretary shall provide written notice of such action to the Committee on  
20 Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition,  
21 and Forestry of the Senate.

22 “(d) Land Enrolled in Other Programs.—

23 “(1) CONSERVATION RESERVE PROGRAM.—The Secretary may terminate or modify an  
24 existing contract entered into under section 1231(a) if eligible land that is subject to such  
25 contract is transferred into the program.

26 “(2) OTHER.—Land enrolled in the wetlands reserve program, grassland reserve program,  
27 or farmland protection program shall be considered enrolled in this program.

28 “(e) Allocation of Funds for Agricultural Land Easements.—Of the funds made available  
29 under section 1241 to carry out the program for a fiscal year, the Secretary shall, to the extent  
30 practicable, use no less than 40 percent for agricultural land easements.”.

31 (b) Cross Reference.—Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is  
32 amended—

33 (1) in subsection (c)—

34 (A) in paragraph (1)—

35 (i) by inserting “and” at the end of subparagraph (A);

36 (ii) by striking “and” at the end of subparagraph (B); and

37 (iii) by striking subparagraph (C);

38 (B) by redesignating paragraph (2) as paragraph (3); and

1 (C) by inserting after paragraph (1) the following:  
2 “(2) the Agricultural Conservation Easement Program established under subtitle H; and”;  
3 and

4 (2) in subsection ~~(f)~~(f)—

5 (A) in paragraph (1)—

6 ~~(A)(i)~~ in subparagraph (A), by striking “programs administered under  
7 subchapters B and C of chapter 1 of subtitle D” and inserting “conservation  
8 reserve program established under subchapter B of chapter 1 of subtitle D and the  
9 Agricultural Conservation Easement Program under subtitle H using wetland  
10 easements under section 1265C”; and

11 ~~(B)(ii)~~ in subparagraph (B), by striking “subchapter C of chapter 1 of subtitle  
12 D” and inserting “the Agricultural Conservation Easement Program under subtitle  
13 H using wetland easements under section 1265C”; and

14 (B) in paragraph (4), by striking “subchapter C” and inserting “subchapter  
15 B”.

16  
17 (c) Effective Date.—The amendments made by this section shall take effect on October 1,  
18 2012.

## 19 Subtitle E—Regional Conservation Partnership Program

### 20 SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP 21 PROGRAM.

22 (a) In General.—Title XII of the Food Security Act of 1985 is amended by inserting after  
23 subtitle H (as added by section 2301) the following:

#### 24 “Subtitle I—Regional Conservation Partnership Program

#### 25 “SEC. 1271. ESTABLISHMENT AND PURPOSES.

26 “(a) Establishment.—The Secretary shall establish a Regional Conservation Partnership  
27 Program to implement eligible activities through—

28 “(1) partnership agreements with eligible partners; and

29 “(2) contracts with producers.

30 “(b) Purposes.—The purposes of the program are—

31 “(1) to combine the purposes and coordinate the functions of—

32 “(A) the agricultural water enhancement program established under section 1240I;

33 “(B) the Chesapeake Bay watershed program established under section 1240Q;

34 “(C) the cooperative conservation partnership initiative established under section  
35 1243; and

1 “(D) the Great Lakes basin program for soil erosion and sediment control  
2 established under section 1240P;.

3 “(2) to further the conservation, restoration, and sustainable use of soil, water, wildlife,  
4 and related natural resources on a regional or watershed scale; and

5 “(3) to encourage partners to cooperate with producers in—

6 “(A) meeting or avoiding the need for national, State, and local natural resource  
7 regulatory requirements related to production; and

8 “(B) implementing projects that will result in the installation and maintenance of  
9 eligible activities that affect multiple agricultural or nonindustrial private forest  
10 operations on a local, regional, State, or multi-State basis.

## 11 “SEC. 1271A. DEFINITIONS.

12 “In this subtitle:

13 “(1) COVERED PROGRAMS.—The term ‘covered programs’ means—

14 “(A) the agricultural conservation easement program;

15 “(B) the environmental quality incentives program; and

16 “(C) the conservation stewardship program.

17 “(2) ELIGIBLE ACTIVITY.—The term ‘eligible activity’ means any of the following  
18 conservation activities when delivered through a covered program:

19 “(A) Water quality ~~or~~ **restoration or enhancement projects, including nutrient**  
20 **management and sediment reduction.**

21 “(B) **Water** quantity conservation, restoration, or enhancement projects relating to  
22 surface water and groundwater resources, including—

23 “(i) the conversion of irrigated cropland to the production of less  
24 water-intensive agricultural commodities or dryland farming; and

25 “(ii) irrigation system improvement and irrigation efficiency enhancement.

26 ~~“(B)“(C)~~ Drought mitigation.

27 ~~“(C)“(D)~~ Flood prevention.

28 ~~“(D)“(E)~~ Water retention.

29 ~~“(E)“(F)~~ Habitat conservation, restoration, and enhancement.

30 ~~“(F)“(G)~~ Erosion control ~~and sediment reduction.~~

31 ~~“(G)“(H)~~ Other related activities that the Secretary determines will help achieve  
32 conservation benefits.

33 “(3) ELIGIBLE PARTNER.—The term ‘eligible partner’ means any of the following:

34 “(A) An agricultural or silvicultural producer association or other group of  
35 producers.

36 “(B) A State or unit of local government.

- 1           “(C) An Indian tribe.
- 2           “(D) A farmer cooperative.
- 3           “(E) An institution of higher education.
- 4           “(F) An organization with an established history of working cooperatively with  
5 producers on agricultural land, as determined by the Secretary, to address—
- 6                 “(i) local conservation priorities related to agricultural production, wildlife  
7 habitat development, and nonindustrial private forest land management; or
- 8                 “(ii) critical watershed-scale soil erosion, water quality, or sediment reduction,  
9 or other natural resource concerns.
- 10          “(4) PARTNERSHIP AGREEMENT.—The term ‘partnership agreement’ means an agreement  
11 between the Secretary and an eligible partner.
- 12          “(5) PROGRAM.—The term ‘program’ means the Regional Conservation Partnership  
13 Program established by this subtitle.

## 14 “SEC. 1271B. REGIONAL CONSERVATION 15 PARTNERSHIPS.

- 16          “(a) Partnership Agreements Authorized.—The Secretary may enter into a partnership  
17 agreement with an eligible partner to implement a project that will assist producers with  
18 installing and maintaining an eligible activity.
- 19          “(b) Length.—A partnership agreement shall be for a period not to exceed 5 years, except that  
20 the Secretary may extend the agreement 1 time for up to 12 months when an extension is  
21 necessary to meet the objectives of the program.
- 22          “(c) Duties of Partners.—
- 23                 “(1) IN GENERAL.—Under a partnership agreement, the eligible partner shall—
- 24                         “(A) define the scope of a project, including—
- 25                                 “(i) the eligible activities to be implemented;
- 26                                 “(ii) the potential agricultural or nonindustrial private forest operations  
27 affected;
- 28                                 “(iii) the local, State, multi-State or other geographic area covered; and
- 29                                 “(iv) the planning, outreach, implementation and assessment to be conducted;
- 30                         “(B) conduct outreach **and education** to producers for potential participation in the  
31 project;
- 32                         “(C) at the request of a producer, act on behalf of a producer participating in the  
33 project in applying for assistance under section 1271C;
- 34                         “(D) leverage financial or technical assistance provided by the Secretary with  
35 additional funds to help achieve the project objectives;
- 36                         “(E) conduct an assessment of the project’s effects; and

1           “(F) at the conclusion of the project, report to the Secretary on its results and funds  
2           leveraged.

3           “(2) CONTRIBUTION.—A partner shall provide a significant portion of the overall costs of  
4           the scope of the project as determined by the Secretary.

5           “(d) Applications.—

6           “(1) COMPETITIVE PROCESS.—The Secretary shall conduct a competitive process to select  
7           applications for partnership agreements and may assess and rank applications with similar  
8           conservation purposes as a group.

9           “(2) CRITERIA USED.—In carrying out the process described in paragraph (1), the  
10          Secretary shall make public the criteria used in evaluating applications.

11          “(3) CONTENT.—An application to the Secretary shall include a description of—

12           “(A) the scope of the project as described in subsection (c)(1)(A);

13           “(B) the plan for monitoring, evaluating, and reporting on progress made towards  
14           achieving the project’s objectives;

15           “(C) the program resources requested for the project, including the covered  
16           programs to be used and estimated funding needed from the Secretary;

17           “(D) the partners collaborating to achieve project objectives, including their roles,  
18           responsibilities, capabilities, and financial contribution; and

19           “(E) any other elements the Secretary considers necessary to adequately evaluate  
20           and competitively select applications for funding under the program.

21          “(4) PRIORITY TO CERTAIN APPLICATIONS.—The Secretary may give a higher priority to  
22          applications that—

23           “(A) have a high percentage of producers in the area to be covered by the  
24           agreement;

25           “(B) assist producers in meeting or avoiding the need for a natural resource  
26           regulatory requirement;

27           “(C) significantly leverage non-Federal financial and technical resources and  
28           coordinate with other local, State, regional, or national efforts;

29           “(D) deliver high percentages of applied conservation to address conservation  
30           priorities or local, State, regional, or national conservation initiatives;

31           “(E) provide innovation in conservation methods and delivery, including  
32           outcome-based performance measures and methods; or

33           “(F) meet other factors that are important for achieving the purposes of the program,  
34           as determined by the Secretary.

## 35          “SEC. 1271C. ASSISTANCE TO PRODUCERS.

36          “(a) In General.—The Secretary shall enter into contracts to provide financial and technical  
37          assistance to—

1 “(1) producers participating in a project with an eligible partner as described in section  
2 1271B; or

3 “(2) producers that fit within the scope of a project described in section 1271B or a  
4 critical conservation area described in section 1271F, but who are seeking to implement an  
5 eligible activity independent of a partner.

6 “(b) Terms and Conditions.—

7 “(1) CONSISTENCY WITH PROGRAM RULES.—Except as provided in paragraph (2), the  
8 Secretary shall ensure that the terms and conditions of a contract under this section are  
9 consistent with the applicable rules of the covered programs to be used as part of the  
10 project, as described in the application under section 1271B(d)(3)(C).

11 “(2) ADJUSTMENTS.—Except for statutory program requirements governing appeals,  
12 payment limitations, and conservation compliance, the Secretary may adjust the  
13 discretionary program rules of a covered program—

14 “(A) to provide a simplified application and evaluation process; and

15 “(B) to better reflect unique local circumstances and purposes if the Secretary  
16 determines such adjustments are necessary to achieve the purposes of the program.

17 “(3) ALTERNATIVE FUNDING ARRANGEMENTS.—

18 “(A) IN GENERAL.—For the purposes of land described in subsection (a) and section  
19 1271F, the Secretary may enter into alternative funding arrangements with a multistate  
20 water resource agency or authority if—

21 “(i) the Secretary determines that the goals and objectives of the program will  
22 be met by the alternative funding arrangements;

23 “(ii) the agency or authority certifies that the limitations established under this  
24 section on agreements with individual producers will not be exceeded; and

25 “(iii) all participating producers meet applicable payment eligibility provisions.

26 “(B) CONDITIONS.—As a condition on receipt of funding under subparagraph (A),  
27 the multistate water resource agency or authority shall agree—

28 “(i) to submit an annual independent audit to the Secretary that describes the  
29 use of funds under this paragraph;

30 “(ii) to provide any data necessary for the Secretary to issue a report on the use  
31 of funds under this paragraph; and

32 “(iii) not to use any funds for administration or contracting with another entity.

33 “(C) LIMITATION.—The Secretary may enter into not more than 10 agreements  
34 under this paragraph.

35 “(c) Payments.—

36 “(1) IN GENERAL.—In accordance with statutory requirements of the covered programs  
37 involved, the Secretary may make payments to a producer in an amount determined by the  
38 Secretary to be necessary to achieve the purposes of the program.

1           “(2) PAYMENTS TO PRODUCERS IN STATES WITH WATER QUANTITY CONCERNS.—The  
2           Secretary may provide payments to producers participating in a project that addresses water  
3           quantity concerns for a period of 5 years in an amount sufficient to encourage conversion  
4           from irrigated farming to dryland farming.

5           “(3) WAIVER AUTHORITY.—To assist in the implementation of the program, the Secretary  
6           may waive the applicability of the limitation in section 1001D(b)(2)(B) of this Act for  
7           participating producers if the Secretary determines that the waiver is necessary to fulfill the  
8           objectives of the program.

## 9   “SEC. 1271D. FUNDING.

10          “(a) Availability of Funds.—The Secretary shall use \$100,000,000 of the funds of the  
11          Commodity Credit Corporation for each of fiscal years 2013 through 2017 to carry out the  
12          program established under this subtitle.

13          “(b) Duration of Availability.—Funds made available under subsection (a) shall remain  
14          available until expended.

15          “(c) Additional Funding and Acres.—

16                 “(1) IN GENERAL.—In addition to the funds made available under subsection (a), the  
17                 Secretary shall reserve 6 percent of the funds and acres made available for a covered  
18                 program for each of fiscal years 2013 through 2017 in order to ensure additional resources  
19                 are available to carry out this program.

20                 “(2) UNUSED FUNDS AND ACRES.—Any funds or acres reserved under paragraph (1) for a  
21                 fiscal year from a covered program that are not obligated under this program by April 1 of  
22                 that fiscal year shall be returned for use under the covered program.

23          “(d) Allocation of Funding.—Of the funds and acres made available for the program under  
24          subsections (a) and (c), the Secretary shall allocate—

25                 “(1) 25 percent of the funds and acres to projects based on a State competitive process  
26                 administered by the State conservationist, with the advice of the State technical committee;

27                 “(2) 50 percent of the funds and acres to projects based on a national competitive process  
28                 to be established by the Secretary; and

29                 “(3) 25 percent of the funds and acres to projects for the critical conservation areas  
30                 described in section 1271F.

31          “(e) Limitation on Administrative Expenses.—None of the funds made available under the  
32          program may be used to pay for the administrative expenses of partners.

## 33   “SEC. 1271E. ADMINISTRATION.

34          “(a) Disclosure.—In addition to the criteria used in evaluating applications as described in  
35          section 1271B(d)(2), the Secretary shall make publicly available information on projects selected  
36          through the competitive process described in section 1271B(d)(1).

37          “(b) Reporting.—Not later than December 31, 2013, and for every 2 years thereafter, the  
38          Secretary shall submit to the Committee on Agriculture of the House of Representatives and the  
39          Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the status of projects

1 funded under the program, including—

2 “(1) the number and types of partners and producers participating in the partnership  
3 agreements selected;

4 “(2) the number of producers receiving assistance;

5 “(3) total funding committed to projects, including Federal and non-Federal resources;  
6 and

7 “(4) a description of how the funds under section 1271C(b)(3) are being administered,  
8 including—

9 “(A) any oversight mechanisms that the Secretary has implemented;

10 “(B) the process through which the Secretary is resolving appeals by program  
11 participants; and

12 “(C) the means by which the Secretary is tracking adherence to any applicable  
13 provisions for payment eligibility.

## 14 “SEC. 1271F. CRITICAL CONSERVATION AREAS.

15 “(a) In General.—When administering the funding described in section 1271D(d)(3), the  
16 Secretary shall select applications for partnership agreements and producer contracts within  
17 designated critical conservation areas.

18 “(b) Critical Conservation Area Designations.—In designating geographical areas as critical  
19 conservation areas under this section, the Secretary may give priority to not more than 8 areas  
20 based on the degree to which an area—

21 “(1) includes multiple States with significant agricultural production;

22 “(2) is covered by an existing regional, State, binational, or multistate agreement or plan  
23 that has established objectives, goals and work plans and is adopted by a Federal, State, or  
24 regional authority;

25 “(3) has water quality concerns, including concerns for reducing erosion ~~and~~, promoting  
26 sediment control ~~in~~, **and addressing nutrient management activities affecting** large  
27 bodies of water of regional, national, or international significance;

28 “(4) has water quantity concerns, including—

29 “(A) concerns for groundwater, surface water, aquifer, or other water sources; or

30 “(B) a need to promote water retention and flood prevention; or

31 “(5) will be subject to regulatory requirements that could reduce the economic scope of  
32 agricultural operations within the area.

33 “(c) Administration.—

34 “(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall administer  
35 any partnership agreement or producer contract under this section in a manner that is  
36 consistent with the terms of the program.

37 “(2) RELATIONSHIP TO EXISTING ACTIVITY.—The Secretary shall, to the maximum extent

1 practicable, ensure that eligible activities carried out in critical conservation areas  
2 designated under this section complement and are consistent with other Federal and State  
3 programs and water quality **and quantity** strategies.”.

4 (b) Effective Date.—The amendment made by this section shall take effect on October 1,  
5 2012.

## 6 Subtitle F—Other Conservation Programs

### 7 SEC. 2501. CONSERVATION OF PRIVATE GRAZING 8 LAND.

9 Section 1240M(e) of the Food Security Act of 1985 (16 U.S.C. 3839bb(e)) is amended  
10 inserting “and \$30,000,000 for each of fiscal years 2013 through 2017” before the period at the  
11 end.

### 12 SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION 13 PROGRAM.

14 Section 1240O(b) of the Food Security Act of 1985 (16 U.S.C. 3839bb–2(b)) is amended by  
15 inserting “and \$15,000,000 for each of fiscal years 2013 through 2017” before the period at the  
16 end.

### 17 SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT 18 INCENTIVE PROGRAM.

19 (a) Funding.—Section 1240R(f) of the Food Security Act of 1985 (16 U.S.C. 3839bb–5(f)) is  
20 amended by inserting “and ~~\$30,000,000~~ **\$40,000,000** for the period of fiscal years 2013 through  
21 2017” before the period at the end .

22 (b) Report on Program Effectiveness.—Not later than 2 years after the date of enactment of  
23 this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House  
24 of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a  
25 report evaluating the effectiveness of the voluntary public access and habitat incentive program  
26 established by section 1240R of the Food Security Act of 1985 (16 U.S.C. 3839bb–5),  
27 including—

28 (1) identifying cooperating agencies;

29 (2) identifying the number of land holdings and total acres enrolled by State;

30 (3) evaluating the extent of improved access on eligible land, improved wildlife habitat,  
31 and related economic benefits; and

32 (4) any other relevant information and data relating to the program that would be helpful  
33 to such Committees.

34 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
35 2012.

### 36 SEC. 2504. AGRICULTURE CONSERVATION

## 1 EXPERIENCED SERVICES PROGRAM.

2 (a) Funding.—Section 1252 of the Food Security Act of 1985 (16 U.S.C. 3851) is amended by  
3 striking subsection (c) and inserting the following:

4 “(c) Funding.—

5 “(1) IN GENERAL.—The Secretary may carry out the ACES program using funds made  
6 available to carry out each program under this title.

7 “(2) EXCLUSION.—Funds made available to carry out the conservation reserve program  
8 may not be used to carry out the ACES program.”.

9 (b) Effective Date.—The amendment made by this section shall take effect on October 1,  
10 2012.

## 11 SEC. 2505. SMALL WATERSHED REHABILITATION 12 PROGRAM.

13 ~~(a) Availability of Funds.—Section 14(h)(1) of the Watershed Protection and Flood~~  
14 ~~Prevention Act (16 U.S.C. 1012(h)(1)) is amended—~~

15 ~~(1) in subparagraph (E), by striking “and” at the end;~~

16 ~~(2) in subparagraph (F), by striking the period at the end and inserting a semicolon;~~

17 ~~(3) in subparagraph (G), by striking the period at the end and inserting “; and”; and~~

18 ~~(4) by adding at the end the following:~~

19 ~~“(H) \$150,000,000 for fiscal year 2013, to remain available until expended.”.~~

20 ~~(b) Authorization of Appropriations.—Section Section 14(h)(2)(E) of the Watershed~~  
21 ~~Protection and Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is amended by striking “2012”~~  
22 ~~and inserting “2017”.~~

## 23 SEC. 2506. TERMINAL LAKES ASSISTANCE.

24 Section 2507 of the Food, Security, and Rural Investment Act of 2002 (43 U.S.C. 2211  
25 note; 116 Stat. 275) is amended to read as follows:

## 26 “SEC. 2507. TERMINAL LAKES ASSISTANCE.

27 “(a) Definitions.—In this section:

28 “(1) ELIGIBLE LAND.—The term ‘eligible land’ means privately owned agricultural  
29 land (including land in which a State has a property interest as a result of state water  
30 law)—

31 “(A) that a landowner voluntarily agrees to sell to a State; and

32 “(B) which—

33 “(i)(I) is ineligible for entry into the wetlands easement program  
34 established under the Agricultural Conservation Easement Program under  
35 subtitle H of the Food Security Act of 1985;

1                   **“(II) is flooded to—**

2                   **“(aa) an average depth of at least 6.5 feet; or**

3                   **“(bb) a level below which the State determines the management of the**  
4                   **water level is beyond the control of the State or landowner; or**

5                   **“(III) is inaccessible for agricultural use due to the flooding of adjoining**  
6                   **property (such as islands of agricultural land created by flooding);**

7                   **“(ii) is located within a watershed with water rights available for lease or**  
8                   **purchase; and**

9                   **“(iii) has been used during at least 5 of the immediately preceding 30**  
10                   **years—**

11                   **“(I) to produce crops or hay; or**

12                   **“(II) as livestock pasture or grazing.**

13                   **“(2) PROGRAM.—The term ‘program’ means the voluntary land purchase program**  
14                   **established under this section.**

15                   **“(3) TERMINAL LAKE.—The term ‘terminal lake’ means a lake and its associated**  
16                   **riparian and watershed resources that is—**

17                   **“(A) considered flooded because there is no natural outlet for water**  
18                   **accumulating in the lake or the associated riparian area such that the watershed**  
19                   **and surrounding land is consistently flooded; or**

20                   **“(B) considered at risk because it is located in a region that has insufficient**  
21                   **water available to meet the needs of general uses and water rights.**

22                   **“(b) Assistance.—The Secretary shall—**

23                   **“(1) provide grants for the purchase of eligible land impacted by a terminal lake;**  
24                   **and**

25                   **“(2) assist the Secretary of the Interior with providing water assistance.**

26                   **“(c) Land Purchase Grants.—**

27                   **“(1) IN GENERAL.—The Secretary shall make available land purchase grants to**  
28                   **States for the purchase of eligible land in accordance with this subsection.**

29                   **“(2) IMPLEMENTATION.—**

30                   **“(A) AMOUNT.—A land purchase grant shall be in an amount not to exceed the**  
31                   **lesser of—**

32                   **“(i) 50 percent of the total purchase price per acre of the eligible land; or**

33                   **“(ii)(I) in the case of eligible land that was used to produce crops or hay,**  
34                   **\$400 per acre; and**

35                   **“(II) in the case of eligible land that was pasture or grazing land, \$200 per**  
36                   **acre.**

37                   **“(B) DETERMINATION OF PURCHASE PRICE.—A State purchasing eligible land**

1 with a land purchase grant shall ensure, to the maximum extent practicable, that  
2 the purchase price of such land reflects the value, if any, of other encumbrances  
3 on the eligible land to be purchased, including easements and mineral rights.

4 “(C) **COST-SHARE REQUIRED.**—To be eligible to receive a land purchase grant, a  
5 State shall provide matching non-Federal funds in an amount equal to 50 percent  
6 of the amount described in subparagraph (A), including additional non-Federal  
7 funds.

8 “(D) **CONDITIONS.**—To receive a land purchase grant, a State shall agree—

9 “(i) to ensure that any eligible land purchased is—

10 “(I) conveyed in fee simple to the State; and

11 “(II) free from mortgages or other liens at the time title is transferred;

12 “(ii) to maintain ownership of the eligible land in perpetuity;

13 “(iii) to pay (from funds other than grant dollars awarded) any costs  
14 associated with the purchase of eligible land under this section, including  
15 surveys and legal fees; and

16 “(iv) to keep eligible land in a conserving use, as defined by the Secretary.

17 “(E) **LOSS OF FEDERAL BENEFITS.**—Eligible land purchased with a grant under  
18 this section shall lose eligibility for any benefits under other Federal programs,  
19 including—

20 “(i) benefits under title XII of the Food Security Act of 1985 (16 U.S.C.  
21 3801 et seq.);

22 “(ii) benefits under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);  
23 and

24 “(iii) covered benefits described in section 1001D(b) of the Food Security  
25 Act of 1985 (7 U.S.C. 1308–3a).

26 “(F) **PROHIBITION.**—Any Federal rights or benefits associated with eligible land  
27 prior to purchase by a State may not be transferred to any other land or person in  
28 anticipation of or as a result of such purchase.

29 “(d) **Water Assistance.**—

30 “(1) **IN GENERAL.**—The Secretary of the Interior, acting through the Commissioner  
31 of Reclamation, may use the funds described in subsection (e)(2) to provide water to a  
32 terminal lake through willing sellers or willing participants only—

33 “(A) to lease water;

34 “(B) to purchase land, water appurtenant to the land, and related interests; and

35 “(C) to carry out research, support and conservation activities for fish, wildlife,  
36 plant, and habitat resources.”

37 “(2) **EXCLUSIONS.**—The Secretary of the Interior may not use this subsection to  
38 deliver assistance to the Great Salt Lake in Utah, lakes that are considered dry lakes,

1       **or lakes with water quality impairment resulting in absence of fisheries, as determined**  
2       **by the Secretary as of the date of enactment of the Agriculture Reform, Food, and**  
3       **Jobs Act of 2012.**

4       **“(e) Funding.—**

5           **“(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated**  
6           **to the Secretary to carry out subsection (c) \$25,000,000, to remain available until**  
7           **expended.**

8           **“(2) COMMODITY CREDIT CORPORATION.—The Secretary shall transfer to the**  
9           **Bureau of Reclamation Water and Related Resources Account \$150,000,000 from the**  
10          **funds of the Commodity Credit Corporation to carry out subsection (d).”.**

## 11       **Subtitle G—Funding and Administration**

### 12       **SEC. 2601. FUNDING.**

13       (a) In General.—Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended  
14       by striking subsection (a) and inserting the following:

15       “(a) Annual Funding.—For each of fiscal years 2013 through 2017, the Secretary shall use the  
16       funds, facilities, and authorities of the Commodity Credit Corporation to carry out the following  
17       programs under this title (including the provision of technical assistance):

18           “(1) The conservation reserve program under subchapter B of chapter 1 of subtitle D,  
19           including, to the maximum extent ~~practicable, \$25,000,000~~ **practicable—**

20                   **“(A) \$10,000,000 for the period of fiscal years 2013 through 2017 to provide**  
21                   **payments under paragraph (3) of section 1234(b) in connection with thinning**  
22                   **activities conducted on land described in subparagraph (B)(iii) of that paragraph;**  
23                   **and**

24                   **“(B) \$50,000,000 for the period of fiscal years 2013 through 2017 to carry out**  
25                   **section 1235(f) to facilitate the transfer of land subject to contracts from retired or**  
26                   **retiring owners and operators to beginning farmers or ranchers and socially**  
27                   **disadvantaged farmers or ranchers.**

28           “(2) The ~~Agriculture~~ **Agricultural** Conservation Easement Program under subtitle H  
29           using to the maximum extent practicable—

30                   “(A) \$450,000,000 for fiscal year 2013;

31                   “(B) \$475,000,000 for fiscal year 2014;

32                   “(C) \$500,000,000 for fiscal year 2015;

33                   “(D) \$525,000,000 for fiscal year 2016; and

34                   “(E) \$250,000,000 for fiscal year 2017.

35           “(3) The conservation security program under subchapter A of chapter 2 of subtitle D,  
36           using such sums as are necessary to administer contracts entered into before September 30,  
37           2008.

38           “(4) The conservation stewardship program under subchapter B of chapter 2 of subtitle D.

1 “(5) The environmental quality incentives program under chapter 4 of subtitle D, using,  
2 to the maximum extent practicable—

3 “(A) \$1,500,000,000 for fiscal year 2013;

4 “(B) \$1,600,000,000 for fiscal year 2014; and

5 “(C) \$1,650,000,000 for each of fiscal years 2015 through 2017.”.

6 (b) Guaranteed Availability of Funds.—Section 1241 of the Food Security Act of 1985 (16  
7 U.S.C. 3841) is amended—

8 (1) by redesignating subsections (b) through (h) as subsections (c) through (i),  
9 respectively; and

10 (2) by inserting after subsection (a) the following:

11 “(b) Availability of Funds.—Amounts made available by subsection (a) shall be used by the  
12 Secretary to carry out the programs specified in such subsection for fiscal years 2013 through  
13 2017 and shall remain available until expended. Amounts made available for the programs  
14 specified in such subsection during a fiscal year through modifications, cancellations,  
15 terminations, and other related administrative actions and not obligated in that fiscal year shall  
16 remain available for obligation during subsequent fiscal years, but shall reduce the amount of  
17 additional funds made available in the subsequent fiscal year by an amount equal to the amount  
18 remaining unobligated.”.

19 (c) Effective Date.—The amendments made by this section shall take effect on October 1,  
20 2012.

## 21 SEC. 2602. TECHNICAL ASSISTANCE.

22 Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking  
23 subsection (c) (as redesignated by section 2601(b)(1)) and inserting the following:

24 “(c) Technical Assistance.—

25 “(1) AVAILABILITY OF FUNDS.—Commodity Credit Corporation funds made available for  
26 a fiscal year for each of the programs specified in subsection (a)—

27 “(A) shall be available for the provision of technical assistance for the programs for  
28 which funds are made available as necessary to implement the programs effectively;  
29 and

30 “(B) shall not be available for the provision of technical assistance for conservation  
31 programs specified in subsection (a) other than the program for which the funds were  
32 made available.

33 “(2) REPORT.—Not later than December 31, 2012, the Secretary shall submit (and update  
34 as necessary in subsequent years) to the Committee on Agriculture of the House of  
35 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a  
36 report—

37 “(A) detailing the amount of technical assistance funds requested and apportioned in  
38 each program specified in subsection (a) during the preceding fiscal year; and

39 “(B) any other data relating to this provision that would be helpful to such

1 Committees.”.

## 2 SEC. 2603. REGIONAL EQUITY.

3 Section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) is amended by striking  
4 subsection (e) (as redesignated by section 2601(b)(1)) and inserting the following:

5 “(e) Regional Equity.—

6 “(1) EQUITABLE DISTRIBUTION.—When determining funding allocations each fiscal year,  
7 the Secretary shall, after considering available funding and program demand in each State,  
8 provide a distribution of funds for conservation programs under subtitle D (excluding the  
9 conservation reserve program under subchapter B of chapter 1), subtitle H (excluding  
10 wetland easements under section 1265C), and subtitle I to ensure equitable program  
11 participation proportional to historical funding allocations and usage by all States.

12 “(2) MINIMUM PERCENTAGE.—In determining the specific funding allocations under  
13 paragraph (1), the Secretary ~~shall~~ shall—

14 “(A) ensure that during the first quarter of each fiscal year each State has the  
15 opportunity to establish that ~~they~~ the State can use an aggregate allocation **amount of**  
16 **at least 0.6 percent of the funds made available for those conservation programs;**  
17 **and**

18 “(B) **for each State that can so establish, provide an aggregate** amount of at least  
19 0.6 percent of the funds made available for those conservation programs.”.

## 20 SEC. 2604. RESERVATION OF FUNDS TO PROVIDE 21 ASSISTANCE TO CERTAIN FARMERS OR RANCHERS 22 FOR CONSERVATION ACCESS.

23 ~~Subsection (h) of section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as~~  
24 ~~redesignated by section 2601(b)(1)) is amended in paragraph (1) by striking “2012” and inserting~~  
25 ~~“2017”.~~

## 26 ~~SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS AND ASSISTANCE.~~

27 ~~Subsection (i) of section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as~~  
28 ~~redesignated by section 2601(b)(1)) is amended—~~

29 ~~(1) in paragraph (1) by striking “2012” and inserting “2017”; and~~

30 ~~(2) by adding at the end the following:~~

31 ~~“(4) PREFERENCE.—In providing assistance under paragraph (1), the Secretary shall~~  
32 ~~give preference to a veteran farmer or rancher (as defined in section 2501(e) of the~~  
33 ~~Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e))) that~~  
34 ~~qualifies under subparagraph (A) or (B) of paragraph (1).”.~~

## 35 SEC. 2605. ANNUAL REPORT ON PROGRAM 36 ENROLLMENTS AND ASSISTANCE.

37 Subsection (i) of section 1241 of the Food Security Act of 1985 (16 U.S.C. 3841) (as

1 **redesignated by section 2601(b)(1) is amended—**

2 (1) in paragraph (1), by striking “wetlands reserve program” and inserting “agricultural  
3 conservation easement program”;

4 (2) by striking paragraphs (2) and (3) and redesignating paragraphs (4), (5), and (6) as  
5 paragraphs (2), (3), and (4), respectively;

6 (3) in paragraph (3) (as so redesignated), by striking “agricultural water enhancement  
7 program” and inserting “regional conservation partnership program”; and

8 (4) by adding at the end the following:

9 “(5) Payments made under the conservation stewardship program.

10 “(6) Waivers granted by the Secretary under section 1265B(b)(2)(C).”.

## 11 **SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR** 12 **CONSERVATION PROGRAMS.**

13 Section 1244 of the Food Security Act of 1985 (16 U.S.C. 3844) is amended—

14 (1) **in subsection (a)(2), by adding at the end the following:**

15 “(E) **Veteran farmers or ranchers (as defined in section 2501(e) of the Food,**  
16 **Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)).**”;

17 (2) in subsection (d), by inserting “, H, and I” before the period at the end;

18 ~~(2)~~(3) in subsection (f)—

19 (A) in paragraph (1)(B), by striking “country” and inserting “county”; and

20 (B) in paragraph (3), by striking “subsection (c)(2)(B) or (f)(4)” and inserting  
21 “subsection (c)(2)(A)(ii) or (f)(2)”;

22 ~~and~~(4) **by striking subsection (i) and inserting the following:**

23 ~~(3)~~“(i) **Conservation Application Process.—**

24 “(1) **INITIAL APPLICATION.—**

25 “(A) **IN GENERAL.—Not later than 1 year after the date of enactment of this**  
26 **subsection, the Secretary shall establish a single, simplified application for eligible**  
27 **entities to use in initially requesting assistance under any conservation program**  
28 **administered by the Secretary (referred to in this subsection as the ‘initial**  
29 **application’).**

30 “(B) **REQUIREMENTS.—To the maximum extent practicable, the Secretary shall**  
31 **ensure that—**

32 “(i) **a conservation program applicant is not required to provide**  
33 **information that is duplicative of information or resources already available**  
34 **to the Secretary for that applicant and the specific operation of the applicant;**  
35 **and**

36 “(ii) **the initial application process is streamlined to minimize complexity**

1                   **and redundancy.**

2           **“(2) REVIEW OF APPLICATION PROCESS.—**

3                   **“(A) IN GENERAL.—Not later than 1 year after the date of enactment of this**  
4                   **subsection, the Secretary shall review the application process for each**  
5                   **conservation program administered by the Secretary, including the forms and**  
6                   **processes used to receive assistance requests from eligible program participants.**

7                   **“(B) REQUIREMENTS.—In carrying out the review, the Secretary shall**  
8                   **determine what information the participant is required to submit during the**  
9                   **application process, including—**

10                   **“(i) identification information for the applicant;**

11                   **“(ii) identification and location information for the land parcel or tract of**  
12                   **concern;**

13                   **“(iii) a general statement of the need or resource concern of the applicant**  
14                   **for the land parcel or tract; and**

15                   **“(iv) the minimum amount of other information the Secretary considers to**  
16                   **be essential for the applicant to provide personally.**

17           **“(3) REVISION AND STREAMLINE.—**

18                   **“(A) IN GENERAL.—Not later than 1 year after the date of enactment of this**  
19                   **subsection, the Secretary shall carry out a revision of the application forms and**  
20                   **processes for each conservation program administered by the Secretary to enable**  
21                   **use of information technology to incorporate appropriate data and information**  
22                   **concerning the conservation needs and solutions appropriate for the land area**  
23                   **identified by the applicant.**

24                   **“(B) GOAL.—The goal of the revision shall be to streamline the application**  
25                   **process to minimize the burden placed on applicants.**

26           **“(4) CONSERVATION PROGRAM APPLICATION.—**

27                   **“(A) IN GENERAL.—Once the needs of an applicant have been adequately**  
28                   **assessed by the Secretary, or a third party provider under section 1242, based on**  
29                   **the initial application, in order to determine the 1 or more programs under this**  
30                   **title that best match the needs of the applicant, with the approval of the applicant,**  
31                   **the Secretary may convert the initial application into the specific application for**  
32                   **assistance for the relevant conservation program.**

33                   **“(B) SECRETARIAL BURDEN.—To the maximum extent practicable, the**  
34                   **Secretary shall—**

35                   **“(i) complete the specific application for conservation program assistance**  
36                   **for each applicant; and**

37                   **“(ii) request only that specific further information from the applicant that**  
38                   **is not already available to the Secretary.**

39                   **“(5) IMPLEMENTATION AND NOTIFICATION.—Not later than 1 year after the date of**  
40                   **enactment of this subsection, the Secretary shall submit to the Committee on**

1       **Agriculture of the House of Representatives and the Committee on Agriculture,**  
2       **Nutrition, and Forestry of the Senate written notification that the Secretary has**  
3       **fulfilled the requirements of this subsection.”; and**

4           (5) by adding at the end the following:

5           “(j) Improved Administrative Efficiency and Effectiveness.—In administering a conservation  
6 program under this title, the Secretary shall, to the maximum extent practicable—

7               “(1) seek to reduce administrative burdens and costs to producers by streamlining  
8 conservation planning and program resources; and

9               “(2) take advantage of new technologies to enhance efficiency and effectiveness.

10          “(k) Relation to Other Payments.—Any payment received by an owner or operator under this  
11 title, including an easement payment or rental payment, shall be in addition to, and not affect, the  
12 total amount of payments that the owner or operator is otherwise eligible to receive under any of  
13 the following:

14               “(1) This Act.

15               “(2) The Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

16               “(3) The ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs** Act of 2012.

17               “(4) Any law that succeeds a law specified in paragraph (1), (2), or (3).

18          “(l) Funding for Indian Tribes.—In carrying out the conservation stewardship program under  
19 subchapter B of chapter 2 of subtitle D and the environmental quality incentives program under  
20 chapter 4 of subtitle D, the Secretary may enter into alternative funding arrangements with  
21 Indian tribes if the Secretary determines that the goals and objectives of the programs will be met  
22 by such arrangements, and that statutory limitations regarding contracts with individual  
23 producers will not be exceeded by any Tribal member.”.

## 24   **SEC. 2607. RULEMAKING AUTHORITY.**

25          Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by  
26 adding at the end the following:

## 27   **“SEC. 1246. REGULATIONS.**

28          “(a) In General.—The Secretary shall promulgate such regulations as are necessary to  
29 implement programs under this title, including such regulations as the Secretary determines to be  
30 necessary to ensure a fair and reasonable application of the limitations established under section  
31 1244(f).

32          “(b) Rulemaking Procedure.—The promulgation of regulations and administration of  
33 programs under this title—

34               “(1) shall be carried out without regard to—

35                       “(A) the Statement of Policy of the Secretary effective July 24, 1971 (36 Fed. Reg.  
36 13804), relating to notices of proposed rulemaking and public participation in  
37 rulemaking; and

38                       “(B) chapter 35 of title 44, United States Code (commonly known as the Paperwork

1 Reduction Act); and

2 “(2) shall be made as an interim rule effective on publication with an opportunity for  
3 notice and comment.

4 “(c) Congressional Review of Agency Rulemaking.—In promulgating regulations under this  
5 section, the Secretary shall use the authority provided under section 808 of title 5, United States  
6 Code.”.

## 7 **SEC. 2608. STANDARDS FOR STATE TECHNICAL** 8 **COMMITTEES.**

9 Section 1261(b) of the Food Security Act of 1985 (16 U.S.C. 3861(b)) is amended by striking  
10 “Not later than 180 days after the date of enactment of the Food, Conservation, and Energy Act  
11 of 2008, the Secretary shall develop” and inserting “The Secretary shall review and update as  
12 necessary”.

## 13 **Subtitle H—Repeal of Superseded Program Authorities and** 14 **Transitional Provisions**

## 15 **SEC. 2701. COMPREHENSIVE CONSERVATION** 16 **ENHANCEMENT PROGRAM.**

17 Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is repealed.

## 18 **SEC. 2702. EMERGENCY FORESTRY CONSERVATION** 19 **RESERVE PROGRAM.**

20 (a) Repeal.—Section 1231A of the Food Security Act of 1985 (16 U.S.C. 3831a) is repealed.

21 (b) Transitional Provisions.—

22 (1) EFFECT ON EXISTING CONTRACTS.—The amendment made by this section shall not  
23 affect the validity or terms of any contract entered into by the Secretary of Agriculture  
24 under section 1231A of the Food Security Act of 1985 (16 U.S.C. 3831a) before October 1,  
25 2012, or any payments required to be made in connection with the contract.

26 (2) FUNDING.—The Secretary may use funds made available to carry out the conservation  
27 reserve program under subchapter B of chapter 1 of subtitle D of title XII of the Food  
28 Security Act of 1985 (16 U.S.C. 3831 et seq.) to continue to carry out contracts referred to  
29 in paragraph (1) using the provisions of law and regulation applicable to such contracts as in  
30 existence on September 30, 2012.

31 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
32 2012.

## 33 **SEC. 2703. WETLANDS RESERVE PROGRAM.**

34 (a) Repeal.—Subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of  
35 1985 (16 U.S.C. 3837 et seq.) is repealed.

1 (b) Transitional Provisions.—

2 (1) EFFECT ON EXISTING CONTRACTS AND EASEMENTS.—The amendment made by this  
3 section shall not affect the validity or terms of any contract or easement entered into by the  
4 Secretary of Agriculture under subchapter C of chapter 1 of subtitle D of title XII of the  
5 Food Security Act of 1985 (16 U.S.C. 3837 et seq.) before October 1, 2012, or any  
6 payments required to be made in connection with the contract or easement.

7 (2) FUNDING.—

8 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter C of  
9 chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et  
10 seq.), any funds made available from the Commodity Credit Corporation to carry out  
11 the wetlands reserve program under that subchapter for fiscal years 2009 through 2012  
12 shall be made available to carry out contracts or easements referred to in paragraph (1)  
13 that were entered into prior to October 1, 2012 (including the provision of technical  
14 assistance), provided that no such contract or easement is modified so as to increase  
15 the amount of the payment received.

16 (B) OTHER.—The Secretary may use funds made available to carry out the  
17 agricultural conservation easement program under subtitle H of title XII of the Food  
18 Security Act of 1985, as added by section 2301 of this Act, to continue to carry out  
19 contracts and easements referred to in paragraph (1) using the provisions of law and  
20 regulation applicable to such contracts and easements as in existence on September 30,  
21 2012.

22 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
23 2012.

24 **SEC. 2704. FARMLAND PROTECTION PROGRAM AND**  
25 **FARM VIABILITY PROGRAM.**

26 (a) Repeal.—Subchapter C of chapter 2 of subtitle D of title XII of the Food Security Act of  
27 1985 (16 U.S.C. 3838h et seq.) is repealed.

28 (b) Transitional Provisions.—

29 (1) EFFECT ON EXISTING AGREEMENTS AND EASEMENTS.—The amendment made by this  
30 section shall not affect the validity or terms of any agreement or easement entered into by  
31 the Secretary of Agriculture under subchapter C of chapter 2 of subtitle D of title XII of the  
32 Food Security Act of 1985 (16 U.S.C. 3838h et seq.) before October 1, 2012, or any  
33 payments required to be made in connection with the agreement or easement.

34 (2) FUNDING.—

35 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter C of  
36 chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838h  
37 et seq.), any funds made available from the Commodity Credit Corporation to carry out  
38 the farmland protection program under that subchapter for fiscal years 2009 through  
39 2012 shall be made available to carry out agreements and easements referred to in  
40 paragraph (1) that were entered into prior to October 1, 2012 (including the provision  
41 of technical assistance).

1 (B) OTHER.—On exhaustion of funds made available under subparagraph (A), the  
2 Secretary may use funds made available to carry out the agricultural conservation  
3 easement program under subtitle H of title XII of the Food Security Act of 1985, as  
4 added by section 2301 of this Act, to continue to carry out agreements and easements  
5 referred to in paragraph (1) using the provisions of law and regulation applicable to  
6 such agreements and easement as in existence on September 30, 2012.

7 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
8 2012.

## 9 SEC. 2705. GRASSLAND RESERVE PROGRAM.

10 (a) Repeal.—Subchapter D of chapter 2 of subtitle D of title XII of the Food Security Act of  
11 1985 (16 U.S.C. 3838n et seq.) is repealed.

12 (b) Transitional Provisions.—

13 (1) EFFECT ON EXISTING CONTRACTS, AGREEMENTS, AND EASEMENTS.—The amendment  
14 made by this section shall not affect the validity or terms of any contract, agreement, or  
15 easement entered into by the Secretary of Agriculture under subchapter D of chapter 2 of  
16 subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.) before  
17 October 1, 2012, or any payments required to be made in connection with the contract,  
18 agreement, or easement.

19 (2) FUNDING.—

20 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of subchapter D of  
21 chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838n  
22 et seq.), any funds made available from the Commodity Credit Corporation to carry out  
23 the grassland reserve program under that subchapter for fiscal years 2009 through 2012  
24 shall be made available to carry out contracts, agreements, or easements referred to in  
25 paragraph (1) that were entered into prior to October 1, 2012 (including the provision  
26 of technical assistance), provided that no such contract, agreement, or easement is  
27 modified so as to increase the amount of the payment received.

28 (B) OTHER.—The Secretary may use funds made available to carry out the  
29 agricultural conservation easement program under subtitle H of title XII of the Food  
30 Security Act of 1985, as added by section 2301 of this Act, to continue to carry out  
31 contracts, agreements, and easements referred to in paragraph (1) using the provisions  
32 of law and regulation applicable to such contracts, agreements, and easements as in  
33 existence on September 30, 2012.

34 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
35 2012.

## 36 SEC. 2706. AGRICULTURAL WATER ENHANCEMENT 37 PROGRAM.

38 (a) Repeal.—Section 1240I of the Food Security Act of 1985 (16 U.S.C. 3839aa–9) is  
39 repealed.

40 (b) Transitional Provisions.—

1 (1) EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.—The amendment made by this  
2 section shall not affect the validity or terms of any contract or agreement entered into by the  
3 Secretary of Agriculture under section 1240I of the Food Security Act of 1985 (16 U.S.C.  
4 3839aa–9) before October 1, 2012, or any payments required to be made in connection with  
5 the contract or agreement.

6 (2) FUNDING.—

7 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240I of the  
8 Food Security Act of 1985 (16 U.S.C. 3839aa–9), any funds made available from the  
9 Commodity Credit Corporation to carry out the agricultural water enhancement  
10 program under that section for fiscal years 2009 through 2012 shall be made available  
11 to carry out contracts and agreements referred to in paragraph (1) that were entered  
12 into prior to October 1, 2012 (including the provision of technical assistance).

13 (B) OTHER.—On exhaustion of funds made available under subparagraph (A), the  
14 Secretary may use funds made available to carry out the regional conservation  
15 partnerships program under subtitle I of title XII of the Food Security Act of 1985, as  
16 added by section 2401 of this Act, to continue to carry out contracts and agreements  
17 referred to in paragraph (1) using the provisions of law and regulation applicable to  
18 such contracts and agreements as in existence on September 30, 2012.

19 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
20 2012.

## 21 **SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

22 (a) Repeal.—Section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) is  
23 repealed.

24 (b) Transitional Provisions.—

25 (1) EFFECT ON EXISTING CONTRACTS.—The amendment made by this section shall not  
26 affect the validity or terms of any contract entered into by the Secretary of Agriculture  
27 under section 1240N of the Food Security Act of 1985 (16 U.S.C. 3839bb–1) before  
28 October 1, 2012, or any payments required to be made in connection with the contract.

29 (2) FUNDING.—

30 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240N of the  
31 Food Security Act of 1985 (16 U.S.C. 3839bb–1), any funds made available from the  
32 Commodity Credit Corporation to carry out the wildlife habitat incentive program  
33 under that section for fiscal years 2009 through 2012 shall be made available to carry  
34 out contracts referred to in paragraph (1) which were entered into prior to October 1,  
35 2012 (including the provision of technical assistance).

36 (B) OTHER.—On exhaustion of funds made available under subparagraph (A), the  
37 Secretary may use funds made available to carry out the environmental quality  
38 incentives program under chapter 4 of subtitle D of title XII of the Food Security Act  
39 of 1985 (16 U.S.C. 3839aa et seq.) to continue to carry out contracts referred to in  
40 paragraph (1) using the provisions of law and regulation applicable to such contracts as  
41 in existence on September 30, 2012.

1 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
2 2012.

### 3 **SEC. 2708. GREAT LAKES BASIN PROGRAM.**

4 (a) Repeal.—Section 1240P of the Food Security Act of 1985 (16 U.S.C. 3839bb–3) is  
5 repealed.

6 (b) Effective Date.—The amendment made by this section shall take effect on October 1,  
7 2012.

### 8 **SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

9 (a) Repeal.—Section 1240Q of the Food Security Act of 1985 (16 U.S.C. 3839bb–4) is  
10 repealed.

11 (b) Transitional Provisions.—

12 (1) EFFECT ON EXISTING CONTRACTS, AGREEMENTS, AND EASEMENTS.—The amendment  
13 made by this section shall not affect the validity or terms of any contract, agreement, or  
14 easement entered into by the Secretary of Agriculture under section 1240Q of the Food  
15 Security Act of 1985 (16 U.S.C. 3839bb–4) before October 1, 2012, or any payments  
16 required to be made in connection with the contract, agreement, or easement.

17 (2) FUNDING.—

18 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1240Q of the  
19 Food Security Act of 1985 (16 U.S.C. 3839bb–4), any funds made available from the  
20 Commodity Credit Corporation to carry out the Chesapeake Bay watershed program  
21 under that section for fiscal years 2009 through 2012 shall be made available to carry  
22 out contracts, agreements, and easements referred to in paragraph (1) that were entered  
23 into prior to October 1, 2012 (including the provision of technical assistance).

24 (B) OTHER.—The Secretary may use funds made available to carry out the regional  
25 conservation partnerships program under subtitle I of title XII of the Food Security Act  
26 of 1985, as added by section 2401 of this Act, to continue to carry out contracts,  
27 agreements, and easements referred to in paragraph (1) using the provisions of law and  
28 regulation applicable to such contracts, agreements, and easements as in existence on  
29 September 30, 2012.

30 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
31 2012.

### 32 **SEC. 2710. COOPERATIVE CONSERVATION** 33 **PARTNERSHIP INITIATIVE.**

34 (a) Repeal.—Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is repealed.

35 (b) Transitional Provisions.—

36 (1) EFFECT ON EXISTING CONTRACTS AND AGREEMENTS.—The amendment made by this  
37 section shall not affect the validity or terms of any contract or agreement entered into by the  
38 Secretary of Agriculture under section 1243 of the Food Security Act of 1985 (16 U.S.C.

1 3843) before October 1, 2012, or any payments required to be made in connection with the  
2 contract or agreement.

3 (2) FUNDING.—

4 (A) USE OF PRIOR YEAR FUNDS.—Notwithstanding the repeal of section 1243 of the  
5 Food Security Act of 1985 (16 U.S.C. 3843), any funds made available from the  
6 Commodity Credit Corporation to carry out the cooperative conservation partnership  
7 initiative under that section for fiscal years 2009 through 2012 shall be made available  
8 to carry out contracts and agreements referred to in paragraph (1) that were entered  
9 into prior to October 1, 2012 (including the provision of technical assistance).

10 (B) OTHER.—On exhaustion of funds made available under subparagraph (A), the  
11 Secretary may use funds made available to carry out the regional conservation  
12 partnerships program under subtitle I of title XII of the Food Security Act of 1985, as  
13 added by section 2401 of this Act, to continue to carry out contracts and agreements  
14 referred to in paragraph (1) using the provisions of law and regulation applicable to  
15 such contracts and agreements as in existence on September 30, 2012.

16 (c) Effective Date.—The amendment made by this section shall take effect on October 1,  
17 2012.

18 **SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

19 Chapter 3 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839 et seq.) is  
20 repealed.

21 **SEC. 2712. TECHNICAL AMENDMENTS.**

22 (a) **Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended in the**  
23 **matter preceding paragraph (1) by striking “E” and inserting “F”.**

24 (b) Section 1211(a) of the Food Security Act of 1985 (16 U.S.C. 3811(a)) is amended by  
25 striking “predominate” each place it appears and inserting “predominant”.

26 ~~(b)~~(c) Section 1242(i) of the Food Security Act of 1985(16 U.S.C. 3842(i)) is amended in the  
27 subsection heading by striking “Speciality” and inserting “Specialty”.

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## TITLE III—TRADE [COMPLETE SUBSTITUTE AMENDMENT]

### Subtitle A—Food for Peace Act

#### SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS THROUGH WHICH NONEMERGENCY ASSISTANCE IS PROVIDED.

Effective October 1, 2012, section 202(e)(1) of the Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

(1) in the matter preceding subparagraph (A), by striking “13 percent” and inserting “15 percent”; and

(2) in subparagraph (A), by striking “new” **and inserting “and enhancing”**.

#### SEC. 3002. FOOD AID QUALITY.

Section 202(h) of the Food for Peace Act (7 U.S.C. 1722)(h)) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) IN GENERAL.—The Administrator shall use funds made available for fiscal year 2013 and subsequent fiscal years to carry out this title—

“(A) to assess the types and quality of agricultural commodities and products donated for food aid;

“(B) to adjust products and formulations, including potential introduction of new fortificants and products, as necessary to cost-effectively meet nutrient needs of target populations;

“(C) to test prototypes;

“(D) to adopt new specifications or improve existing specifications for micronutrient fortified food aid products, based on the latest developments in food and nutrition science, and in coordination with other international partners;

“(E) to develop new program guidance to facilitate improved matching of products to purposes having nutritional intent, in coordination with other international partners;

“(F) to develop improved guidance for implementing partners on how to address nutritional deficiencies that emerge among recipients for whom food assistance is the sole source of diet in emergency programs that extend beyond 1 year, in coordination with other international partners; and

“(G) to evaluate, in appropriate settings and as necessary, the performance and cost-effectiveness of new or modified specialized food products and program approaches designed to meet the nutritional needs of the most vulnerable groups, such as pregnant and lactating mothers, and children under the age of 5.”; and

1 (2) in paragraph (3), by striking “2011” and inserting “2017”.

## 2 SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.

3 Section 204(a) of the Food for Peace Act (7 U.S.C. 1724(a)) is amended—

4 (1) in paragraph (1), by striking “2012” and inserting “2017”; and

5 (2) in paragraph (2), by striking “2012” and inserting “2017”.

## 6 SEC. 3004. REAUTHORIZATION OF FOOD AID 7 CONSULTATIVE GROUP.

8 Section 205(f) of the Food for Peace Act (7 U.S.C. 1725(f)) is amended by striking “2012”  
9 and inserting “2017”.

## 10 SEC. 3005. OVERSIGHT, MONITORING, AND 11 EVALUATION OF FOOD FOR PEACE ACT PROGRAMS.

12 Section 207(f) of the Food for Peace Act (7 U.S.C. 1726a(f)) is amended—

13 ~~(1) in paragraph (2)—~~

14 ~~(A) by inserting “and” at the end of subparagraph (D);~~

15 ~~(B) by striking “; and” at the end of subparagraph (E) and inserting the period; and~~

16 ~~(C) by striking subparagraph (F);~~

17 ~~(2) by striking paragraph (4) and redesignating paragraphs (5) and (6) as paragraphs (4)~~  
18 ~~and (5), respectively; and~~

19 ~~(3)(2) in subparagraph (A) of paragraph (5) (as so redesignated)—~~

20 (A) by striking “2012” and inserting “2017”; and

21 (B) by striking “during fiscal year 2009” and inserting “during the period of fiscal  
22 years 2013 through 2017”.

## 23 SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID 24 TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF 25 SHELF-STABLE PREPACKAGED FOODS.

26 Section 208(f) of the Food for Peace Act (7 U.S.C. 1726b(f)) is amended by striking “2012”  
27 and inserting “2017”.

## 28 SEC. 3007. LIMITATION ON TOTAL VOLUME OF 29 COMMODITIES MONETIZED.

30 Section 403 of the Food for Peace Act (7 U.S.C. 1733) is amended by adding at the end the  
31 following:

32 “(m) Limitation on Monetization of Commodities.—

1 “(1) LIMITATION.—

2 “(A) ~~IN GENERAL.—SUBJECT TO GENERAL.—~~**Unless the Administrator grants a**  
3 **waiver under** paragraph (2), no commodity ~~shall~~ **may** be made available under this  
4 Act unless the rate of return for the commodity (as determined under subparagraph  
5 (B)) is at least 70 percent.

6 “(B) RATE OF RETURN.—For purposes of subparagraph (A), the rate of return shall  
7 be equal to the proportion that—

8 “(i) the proceeds the implementing partners generate through monetization;  
9 bears to

10 “(ii) the cost to the Federal Government to procure and ship the commodities to  
11 a recipient country for monetization.

12 “(2) WAIVER AUTHORITY.—The Administrator ~~or Secretary~~ may waive the application of  
13 the limitation in paragraph (1) with regard to a commodity for a recipient country if the  
14 Administrator ~~or Secretary~~ determines that it is necessary to achieve the purposes of this  
15 Act in the recipient country.

16 “(3) REPORT.—Not later than 90 days after a waiver is granted under paragraph (2), the  
17 Administrator ~~or Secretary~~ shall prepare, publish in the Federal Register, and submit to the  
18 Committees on ~~International Relations~~ **Foreign Affairs**, Agriculture, and Appropriations of  
19 the House of Representatives, and the Committees on Appropriations, **Foreign Relations**,  
20 and Agriculture, Nutrition, and Forestry of the Senate a report ~~containing that—~~

21 “(A) **contains** the reasons for granting the waiver and the actual rate of return for  
22 the ~~commodity.~~ **commodity; and**

23 “(B) **includes for the commodity the costs of bagging or further processing,**  
24 **ocean transportation, inland transportation in the recipient country, storage**  
25 **costs, and any other information that the Administrator determines to be**  
26 **necessary.”.**

## 27 SEC. 3008. FLEXIBILITY.

28 Section 406 of the Food for Peace Act (7 U.S.C. 1736) is amended—

29 (1) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

30 (2) by inserting after subsection (b) the following:

31 “(c) Flexibility.—Notwithstanding any other provision of law and as necessary to achieve the  
32 purposes of this Act, funds available under this Act may be used to pay the costs of up to 20  
33 percent of activities conducted in recipient countries by nonprofit voluntary organizations,  
34 cooperatives, or intergovernmental agencies or organizations.”.

## 35 SEC. 3009. PROCUREMENT, TRANSPORTATION, AND 36 STORAGE OF AGRICULTURAL COMMODITIES FOR 37 PREPOSITIONING IN THE UNITED STATES AND 38 FOREIGN COUNTRIES.

1 Section 407~~(e)(4)(A)~~ of the Food for Peace Act (7 U.S.C. 1736a~~(e)(4)(A)~~) is amended—

2 (1) in subparagraph (c)(4)(A)—

3 (A) by striking “2012” and inserting “2017”; and

4 ~~(2)(B)~~ by striking “for each such fiscal year not more than \$10,000,000 of such  
5 funds” and inserting “for each of fiscal years 2001 through 2012 not more than  
6 \$10,000,000 of such funds and for each of fiscal years 2013 through 2017 not more  
7 than \$15,000,000 of such funds”; and

8 (2) by adding at the end the following:

9 “(g) Funding for Testing of Food Aid Shipments.—Funds made available for  
10 agricultural products acquired under this Act and section 3107 of the Farm Security and  
11 Rural Investment Act of 2002 (7 U.S.C. 1736o–1) may be used to pay for the testing of the  
12 agricultural products”.

13

## 14 SEC. 3010. DEADLINE FOR AGREEMENTS TO FINANCE 15 SALES OR TO PROVIDE OTHER ASSISTANCE.

16 Section 408 of the Food for Peace Act (7 U.S.C. 1736b) is amended by striking “2012” and  
17 inserting “2017”.

## 18 SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY 19 FOOD ASSISTANCE.

20 Section 412 of the Food for Peace Act (7 U.S.C. 1736f) is amended by striking subsection (e)  
21 and inserting the following:

22 “(e) Minimum Level of Nonemergency Food Assistance.—

23 “(1) IN GENERAL.—Subject to paragraph (2), of the amounts made available to carry out  
24 emergency and nonemergency food assistance programs under title II, not less than 15  
25 percent nor more than 30 percent for each of fiscal years 2013 through 2017 shall be  
26 expended for nonemergency food assistance programs under title II.

27 “(2) MINIMUM LEVEL.—The amount made available to carry out nonemergency food  
28 assistance programs under title II shall not be less than \$275,000,000 for any fiscal year.”.

## 29 SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE 30 PROGRAMS REPORT.

31 Section 413 of the Food for Peace Act (7 U.S.C. 1736(g)) is amended—

32 (1) by striking “(a) In General.—To the maximum” and inserting “To the maximum”;  
33 and

34 (2) by striking subsection (b).

## 35 SEC. 3013. MICRONUTRIENT FORTIFICATION

1 **PROGRAMS.**

2 (a) Elimination of Obsolete Reference to Study.—Section 415(a)(2)(B) of the Food for Peace  
3 Act (7 U.S.C. 1736g–2(a)(2)(B)) is amended by striking “, using recommendations” and all that  
4 follows through “quality enhancements”.

5 (b) Extension.—Section 415(c) of the Food for Peace Act (7 U.S.C. 1736g–2(c)) is amended  
6 by striking “2012” and inserting “2017”.

7 **SEC. 3014. JOHN OGONOWSKI AND DOUG BEREUTER**  
8 **FARMER-TO-FARMER PROGRAM.**

9 Section 501 of the Food for Peace Act (7 U.S.C. 1737) is amended—

10 (1) in subsection (d)—

11 (A) by striking “0.5 percent” and inserting “0.6 percent”; and

12 (B) by striking “2012” and inserting “2017”; and

13 (2) in subsection (e)(1), by striking “2012” and inserting “2017”.

14 **Subtitle B—Agricultural Trade Act of 1978**

15 **SEC. 3101. ~~FUNDING FOR EXPORT CREDIT GUARANTEE~~**  
16 **~~PROGRAM. PROGRAMS.~~**

17 Section 211(~~b~~) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(~~b~~)) is amended by  
18 striking “2012” and inserting “2017”. **subsection (b) and inserting the following:**

19 **“(b) Export Credit Guarantee Programs.—The Commodity Credit Corporation shall**  
20 **make available for each of fiscal years 2013 through 2017 credit guarantees under section**  
21 **202(a) in an amount equal to not more than \$4,500,000,000 in credit guarantees.”.**

22 **SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

23 Section 211(c)(1)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)(A)) is  
24 amended by striking “2012” and inserting “2017”.

25 **SEC. 3103. FOREIGN MARKET DEVELOPMENT**  
26 **COOPERATOR PROGRAM.**

27 Section 703(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5723(a)) is amended by  
28 striking “2012” and inserting “2017”.

29 **Subtitle C—Other Agricultural Trade Laws**

30 **SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

31 (a) Extension.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended—

32 (1) in subsection (f)(3), by striking “2012” and inserting “2017”;

1 (2) in subsection (g), by striking “2012” and inserting “2017”;

2 (3) in subsection (k), by striking “2012” and inserting “2017”; and

3 (4) in subsection (l)(1), by striking “2012” and inserting “2017”.

4 (b) Repeal of Completed Project.—Subsection (f) of the Food for Progress Act of 1985 (7  
5 U.S.C. 1736o) is amended by striking paragraph (6).

6 (c) Flexibility.—The Food for Progress Act of ~~198~~ **1985** (7 U.S.C. 1736o) is amended in  
7 subsection (l) by adding at the end the following:

8 “(5) FLEXIBILITY.—Notwithstanding any other provision of law and ~~as necessary to~~  
9 ~~achieve to further~~ the purposes of this Act, funds available under this Act may be used to  
10 pay the costs of up to 20 percent of activities conducted in recipient countries by nonprofit  
11 voluntary organizations, cooperatives, or intergovernmental agencies or organizations.”.

12 (d) Limitation on Total Volume of Commodities Monetized.—The Food for Progress Act of  
13 1985 (7 U.S.C. 1736o) is amended by adding at the end the following:

14 “(p) Limitation on Monetization of Commodities.—

15 “(1) LIMITATION.—

16 “(A) ~~IN GENERAL.—SUBJECT TO GENERAL.—~~**Unless the Secretary grants a waiver**  
17 **under** paragraph (2), no eligible commodity ~~shall~~ **may** be made available under this  
18 section unless the rate of return for the eligible commodity (as determined under  
19 subparagraph (B)) is at least 70 percent.

20 “(B) RATE OF RETURN.—For purposes of subparagraph (A), the rate of return shall  
21 be equal to the proportion that—

22 “(i) the proceeds the implementing partners generate through monetization;  
23 bears to

24 “(ii) the cost to the Federal Government to procure and ship the eligible  
25 commodities to a recipient country for monetization.

26 “(2) WAIVER AUTHORITY.—The ~~President~~ **Secretary** may waive the application of the  
27 limitation in paragraph (1) with regard to an eligible commodity for a recipient country if  
28 the ~~President~~ **Secretary** determines that it is necessary to achieve the purposes of this  
29 ~~section~~ **Act** in the recipient country.

30 “(3) REPORT.—Not later than 90 days after a waiver is granted under paragraph (2), the  
31 ~~President~~ **Secretary** shall prepare, publish in the Federal Register, and submit to the  
32 Committees on ~~International Relations~~ **Foreign Affairs**, Agriculture, and Appropriations of  
33 the House of Representatives, and the Committees on Appropriations, **Foreign Relations**,  
34 and Agriculture, Nutrition, and Forestry of the Senate a report ~~containing that—~~

35 “(A) **contains** the reasons for granting the waiver and the actual rate of return for  
36 the eligible ~~commodity.~~ **commodity; and**

37 “(B) **includes for the commodity the costs of bagging or further processing,**  
38 **ocean transportation, inland transportation in the recipient country, storage**  
39 **costs, and any other information that the Secretary determines to be necessary.”.**

1 **SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

2 Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f-1) is amended—

3 (1) in subsection (b)(2)(B)(i), by striking “2012” both places it appears and inserting  
4 “2017”; and

5 (2) in subsection (h), by striking “2012” both places it appears and inserting “2017”.

6 **SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS**  
7 **TO EMERGING MARKETS.**

8 (a) Direct Credits or Export Credit Guarantees.—Section 1542(a) of the Food, Agriculture,  
9 Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 5622 note) is amended by  
10 striking “2012” and inserting “2017”.

11 (b) Development of Agricultural Systems.—Section 1542(d)(1)(A)(i) of the Food, Agriculture,  
12 Conservation, and Trade Act of 1990 (Public Law 101-624; 7 U.S.C. 5622 note) is amended by  
13 striking “2012” and inserting “2017”.

14 **SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD**  
15 **FOR EDUCATION AND CHILD NUTRITION PROGRAM.**

16 (a) Reauthorization.—Section 3107(l)(2) of the Farm Security and Rural Investment Act of  
17 2002 (7 U.S.C. 1736o-1(l)(2)) is amended by striking “2012” and inserting “2017”.

18 (b) Technical Correction.—Section 3107(d) of the Farm Security and Rural Investment Act of  
19 2002 (7 U.S.C. 1736o-1(d)) is amended by striking “to” in the matter preceding paragraph (1).

20 **SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY**  
21 **CROPS.**

22 (a) Purpose.—Section 3205(b) of the Farm Security and Rural Investment Act of 2002 (7  
23 U.S.C. 5680(b)) is amended by striking “related barriers to trade” and inserting “technical  
24 barriers to trade”.

25 (b) Funding.—Section 3205(e)(2) of the Farm Security and Rural Investment Act of 2002 (7  
26 U.S.C. 5680(e)(2)) is amended—

27 (1) by inserting “and” at the end of subparagraph (C); and

28 (2) by striking subparagraphs (D) and (E) and inserting the following new subparagraph:

29 “(D) \$9,000,000 for each of fiscal years 2011 through 2017.”.

30 **SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

31 Section 3202(c) of the Food, Conservation, and Energy Act of 2008 (Public Law 110-246; 22  
32 U.S.C. 2220a note) is amended by striking “~~2012~~”**“2008 through 2012”** and inserting  
33 **“~~2017~~”**“2013 through 2017”**.**

34 **SEC. 3207. LOCAL AND REGIONAL FOOD AID**

## 1 PROCUREMENT PROJECTS.

2 Section 3206 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1726c) is  
3 amended—

4 (1) in subsection (b)—

5 (A) by striking “(b) Study; Field-based Projects.—” and all that follows through “(2)  
6 FIELD-BASED PROJECTS.—” and inserting the following:

7 “(b) Field-based Projects.—”;

8 (B) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2),  
9 respectively, and indenting appropriately;

10 (C) in paragraph (1) (as so redesignated), by striking “subparagraph (B)” and  
11 inserting “paragraph (2)”; and

12 (D) in paragraph (2) (as so redesignated), by striking “subparagraph (A)” and  
13 inserting “paragraph (1)”;

14 (2) in subsection (c)(1), by striking “subsection (b)(2)” and inserting “subsection (b)”;

15 (3) by striking subsections (d), (f), and (g);

16 (4) by redesignating subsection (e) as subsection (d);

17 (5) in subsection (d) (as so redesignated)—

18 (A) in paragraph (2)—

19 (i) by striking subparagraph (B); and

20 (ii) in subparagraph (A)—

21 (I) by striking “(A) APPLICATION.—” and all that follows through “To be  
22 eligible” in clause (i) and inserting the following:

23 “(A) IN GENERAL.—To be eligible”;

24 (II) by redesignating clause (ii) as subparagraph (B) and indenting  
25 appropriately; and

26 (III) in subparagraph (B) (as so redesignated), by striking “clause (i)” and  
27 inserting “subparagraph (A)”;

28 (B) by striking paragraph (4); and

29 (6) by adding at the end the following:

30 “(e) Funding.—

31 “(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
32 carry out this section \$40,000,000 for each of fiscal years 2013 through 2017.

33 “(2) PREFERENCE.—In carrying out this section, the Secretary may give a preference to  
34 eligible organizations that have, or are working toward, projects under the McGovern-Dole  
35 International Food for Education and Child Nutrition Program established under section  
36 3107 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 1736o-1).

1           “(3) REPORTING.—Each year, the Secretary shall submit to the appropriate committees of  
2 Congress a report that describes the use of funds under this section, including—

3           “(A) the impact of procurements and projects on—

4                 “(i) local and regional agricultural producers; and

5                 “(ii) markets and consumers, including low-income consumers; and

6           “(B) implementation time frames and costs.”.

7 **SEC. 3208. DONALD PAYNE HORN OF AFRICA FOOD**  
8 **RESILIENCE PROGRAM.**

9 (a) Definitions.—In this section:

10           (1) ADMINISTRATOR.—The term “Administrator” means the Administrator of the Agency  
11 for International Development.

12           (2) APPROPRIATE COMMITTEES OF CONGRESS.—The term “appropriate committees of  
13 Congress” means—

14                 (A) the Committee on Agriculture, Nutrition, and Forestry of the Senate;

15                 (B) the Committee on Agriculture of the House of Representatives;

16                 (C) the Committee on Foreign Relations of the Senate; and

17                 (D) the Committee on Foreign Affairs of the House of Representatives.

18           (3) ELIGIBLE ORGANIZATION.—The term “eligible organization” means an organization  
19 that is—

20                 (A) a private voluntary organization or cooperative that is, to the extent practicable,  
21 registered with the Administrator; or

22                 (B) an intergovernmental organization, such as the World Food Program.

23           (4) HORN OF AFRICA.—The term “Horn of Africa” means the countries of—

24                 (A) Ethiopia;

25                 (B) Somalia;

26                 (C) Kenya;

27                 (D) Djibouti;

28                 (E) Eritrea;

29                 (F) South Sudan;

30                 (G) Uganda; and

31                 (H) such other countries as the Administrator determines to be appropriate after  
32 providing notification to the appropriate committees of Congress.

33           (5) RESILIENCE.—The term “resilience” means—

34                 (A) the capacity to mitigate the negative impacts of crises (including natural

1 disasters, conflicts, and economic shocks) in order to reduce loss of life and depletion  
2 of productive assets;

3 (B) the capacity to respond effectively to crises, ensuring basic needs are met in a  
4 way that is integrated with long-term development efforts; and

5 (C) the capacity to recover and rebuild after crises so that future shocks can be  
6 absorbed with less need for ongoing external assistance.

7 (b) Purpose.—The purpose of this section is to establish a pilot program to effectively  
8 integrate all United States-funded emergency and long-term development activities that aim to  
9 improve food security in the Horn of Africa, building resilience so as—

10 (1) to reduce the impacts of future crises;

11 (2) to enhance local capacity for emergency response;

12 (3) to enhance sustainability of long-term development programs targeting poor and  
13 vulnerable households; and

14 (4) to reduce the need for repeated costly emergency operations.

15 (c) Study.—

16 (1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, the  
17 Administrator shall initiate a study of prior programs to support resilience in the Horn of  
18 Africa conducted by—

19 (A) other donor countries;

20 (B) private voluntary organizations;

21 (C) the World Food Program of the United Nations; and

22 (D) multilateral institutions, including the World Bank.

23 (2) REQUIREMENTS.—The study shall—

24 (A) include all programs implemented through the Agency for International  
25 Development, the Department of Agriculture, the Department of Treasury, the  
26 Millennium Challenge Corporation, the Peace Corps, and other relevant Federal  
27 agencies;

28 (B) evaluate how well the programs described in subparagraph (A) work together to  
29 complement each other and leverage impacts across programs;

30 (C) include recommendations for how full integration of efforts can be achieved;  
31 and

32 (D) evaluate the degree to which country-led development plans support programs  
33 that increase resilience, including review of the investments by each country in  
34 nutrition and safety nets.

35 (3) REPORT.—Not later than 180 days after the date of enactment of this Act, the  
36 Administrator shall submit to the appropriate committees of Congress a report containing  
37 the results of the study.

38 (d) Field-based Project Grants or Cooperative Agreements.—

1 (1) IN GENERAL.—The Administrator shall—

2 (A) provide grants to, or enter into cooperative agreements with, eligible  
3 organizations to carry out field-based projects that build resilience in the Horn of  
4 Africa in accordance with this section; and

5 (B) develop a project approval process to ensure full integration of efforts.

6 (2) REQUIREMENTS OF ELIGIBLE ORGANIZATIONS.—

7 (A) APPLICATION.—To be eligible to receive a grant from, or enter into a  
8 cooperative agreement with, the Administrator under this subsection, an eligible  
9 organization shall submit to the Administrator an application by such date, in such  
10 manner, and containing such information as the Administrator may require.

11 (B) COMPLETION REQUIREMENT.—To be eligible to receive a grant from, or enter  
12 into a cooperative agreement with, the Administrator under this subsection, an eligible  
13 organization shall agree—

14 (i) to collect, not later than September 30, 2016, data containing the  
15 information required under subsection (f)(2) relating to the field-based project  
16 funded through the grant or cooperative agreement; and

17 (ii) to provide to the Administrator the data collected under clause (i).

18 (3) REQUIREMENTS OF ADMINISTRATOR.—

19 (A) PROJECT DIVERSITY.—

20 (i) IN GENERAL.—Subject to clause (ii) and subparagraph (B), in selecting  
21 proposals for field-based projects to fund under this section, the Administrator  
22 shall select a diversity of projects, including projects located in—

23 (I) areas most prone to repeated crises;

24 (II) areas with effective existing resilience programs that can be scaled;  
25 and

26 (III) areas in all countries of the Horn of Africa.

27 (ii) PRIORITY.—In selecting proposals for field-based projects under clause (i),  
28 the Administrator shall ensure that the selected proposals are for field-based  
29 projects that—

30 (I) effectively integrate emergency and long-term development programs  
31 to improve sustainability;

32 (II) demonstrate the potential to reduce the need for future emergency  
33 assistance; and

34 (III) build targeted productive safety nets, in coordination with host  
35 country governments, through food for work, cash for work, and other  
36 proven program methodologies.

37 (B) AVAILABILITY.—The Administrator shall not award a grant or cooperative  
38 agreement or approve a field-based project under this subsection until the date on  
39 which the Administrator promulgates regulations or issues guidelines under subsection

1 (e).

2 (e) Regulations; Guidelines.—

3 (1) IN GENERAL.—Not later than 180 days after the date of completion of the study under  
4 subsection (c), the Administrator shall promulgate regulations or issue guidelines to carry  
5 out field-based projects under this section.

6 (2) REQUIREMENTS.—In promulgating regulations or issuing guidelines under paragraph  
7 (1), the Administrator shall—

8 (A) take into consideration the results of the study described in subsection (c); and

9 (B) provide an opportunity for public review and comment.

10 (f) Report.—

11 (1) IN GENERAL.—Not later than November 1, 2016, the Administrator shall submit to the  
12 appropriate committees of Congress a report that—

13 (A) addresses each factor described in paragraph (2); and

14 (B) is conducted in accordance with this section.

15 (2) REQUIRED FACTORS.—The report shall include baseline and end-of-project data that  
16 measures—

17 (A) the prevalence of moderate and severe hunger so as to provide an accurate  
18 accounting of project impact on household access to and consumption of food during  
19 every month of the year prior to data collection;

20 (B) household ownership of and access to productive assets, including at a minimum  
21 land, livestock, homes, equipment, and other materials assets needed for income  
22 generation;

23 (C) household incomes, including informal sources of employment; and

24 (D) the productive assets of women using the Women's Empowerment in  
25 Agriculture Index.

26 (3) PUBLIC ACCESS TO RECORDS AND REPORTS.—Not later than ~~180~~ **90** days after the date  
27 on which the report is submitted under paragraph (1), the Administrator shall provide public  
28 access to the report.

29 (g) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
30 section \$10,000,000 for each of fiscal years 2013 through 2017.

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## TITLE IV—NUTRITION [COMPLETE SUBSTITUTE AMENDMENT]

### Subtitle A—Supplemental Nutrition Assistance Program

#### SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

Section 4(b)(6)(F) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking “2012” and inserting “2017”.

#### SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON THE RECEIPT OF ENERGY ASSISTANCE PAYMENTS.

(a) Standard Utility Allowances in the Supplemental Nutrition Assistance Program.—Section 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2014(e)(6)(C)) is amended—

(1) in clause (i), by inserting “, subject to clause (iv)” after “Secretary”; and

(2) in clause (iv)(I), by striking “the household still incurs” and all that follows through the end of the subclause and inserting “the payment received by, or made on behalf of, the household exceeds \$10 or a higher amount annually, as determined by the Secretary.”.

(b) Conforming Amendment.—Section 2605(f)(2)(A) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended by inserting before the semicolon at the end “, except that, for purposes of the supplemental nutrition assistance program established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.), such payments or allowances exceed \$10 or a higher amount annually, as determined by the Secretary of Agriculture in accordance with section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C. 2014(e)(6)(C)(iv)(I))”.

(c) Effective and Implementation Date.—

(1) IN GENERAL.—Except as provided in paragraph (2), this section and the amendments made by this section shall take effect beginning on October 1, 2013, for all certification periods beginning after that date.

(2) STATE OPTION TO DELAY IMPLEMENTATION FOR CURRENT RECIPIENTS.—A State may, at the option of the State, implement a policy that eliminates or minimizes the effect of the amendments made by this section for households that receive a standard utility allowance as of the date of enactment of this Act for not more than a 180-day period beginning on the date on which the amendments made by this section would otherwise affect the benefits received by a household.

#### SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.

Section 6(e)(3)(B) of Food and Nutrition Act of 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking “section” and inserting the following: “section, subject to the condition that the course or

1 program of study—

2 “(i) is part of a program of career and technical education (as defined in section  
3 3 of the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C.  
4 2302)) that may be completed in not more than 4 years at an institution of higher  
5 education (as defined in section 102 of the Higher Education Act of 1965 (20  
6 U.S.C. 1002)); or

7 “(ii) is limited to remedial courses, basic adult education, literacy, or English as  
8 a second language;”.

## 9 SEC. 4004. ENDING SUPPLEMENTAL NUTRITION 10 ASSISTANCE PROGRAM BENEFITS FOR LOTTERY OR 11 GAMBLING WINNERS.

12 (a) In General.—Section 6 of the Food and Nutrition Act of 2008 (7 U.S.C. 2015) is amended  
13 by adding at the end the following:

14 “(r) Ineligibility for Benefits Due to Receipt of Substantial Lottery or Gambling Winnings.—

15 “(1) IN GENERAL.—Any household in which a member receives substantial lottery or  
16 ~~substantial~~ gambling winnings, as determined by the Secretary, shall lose eligibility for  
17 benefits immediately upon receipt of the winnings.

18 “(2) DURATION OF INELIGIBILITY.—A household described in paragraph (1) shall remain  
19 ineligible for participation until the household meets the allowable financial resources and  
20 income eligibility requirements under subsections (c), (d), (e), (f), (g), (i), (k), (l), (m), and  
21 (n) of section 5.

22 “(3) ~~LOTTERIES.—EACH AGREEMENTS.—As determined by the Secretary, each~~ State  
23 agency, to the maximum extent practicable, shall establish agreements with ~~any State lottery~~  
24 ~~agencies or organizations sponsoring multistate lotteries~~ **entities responsible for the**  
25 **regulation or sponsorship of gaming in the State** to determine whether individuals  
26 participating in the supplemental nutrition assistance program have received substantial  
27 lottery ~~winnings, as determined by the Secretary.”~~ **or gambling winnings.”**

28 (b) Conforming Amendments.—Section 5(a) of the Food and Nutrition Act of 2008 (7 U.S.C.  
29 2014(a)) is amended in the second sentence by striking “sections 6(b), 6(d)(2), and 6(g)” and  
30 inserting “subsections (b), (d)(2), (g), and (r) of section 6”.

## 31 SEC. 4005. RETAILERS.

32 (a) Definition of Retail Food Store.—Subsection (o)(1)(A) of section 3 of the Food and  
33 Nutrition Act of 2008 (7 U.S.C. 2012) (as redesignated by section 4015(a)(4)) is amended by  
34 striking “at least 2” and inserting “at least 3”.

35 (b) Alternative Benefit Delivery.—Section 7(f) of the Food and Nutrition Act of 2008 (7  
36 U.S.C. 2016(f)) is amended—

37 (1) by striking paragraph (2) and inserting the following:

38 “(2) IMPOSITION OF COSTS.—

1           “(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall  
2           require participating retailers (including restaurants participating in a State option  
3           restaurant program intended to serve the elderly, disabled, and homeless) to pay 100  
4           percent of the costs of acquiring, and arrange for the implementation of, electronic  
5           benefit transfer point-of-sale equipment and supplies, including related services.

6           “(B) EXEMPTIONS.—The Secretary may exempt from subparagraph (A)—

7                   “(i) farmers’ markets, military commissaries, nonprofit food buying  
8                   cooperatives, and establishments, organizations, programs, or group living  
9                   arrangements described in paragraphs (5), (7), and (8) of section 3(k); and

10                   “(ii) establishments described in paragraphs (3), (4), and (9) of section 3(k),  
11                   other than restaurants participating in a State option restaurant program.”; and

12           (2) by adding at the end the following:

13           “(4) TERMINATION OF MANUAL VOUCHERS.—

14                   “(A) IN GENERAL.—Effective beginning on the date of enactment of this paragraph,  
15                   except as provided in subparagraph (B), no State shall issue manual vouchers to a  
16                   household that receives supplemental nutrition assistance under this Act or allow  
17                   retailers to accept manual vouchers as payment, unless the Secretary determines that  
18                   the manual vouchers are necessary, such as in the event of an electronic benefit  
19                   transfer system failure or a disaster situation.

20                   “(B) EXEMPTIONS.—The Secretary may exempt categories of retailers or individual  
21                   retailers from subparagraph (A) based on ~~factors determined~~ **criteria established** by  
22                   the Secretary.

23           “(5) UNIQUE IDENTIFICATION NUMBER REQUIRED.—The Secretary shall require all parties  
24           providing electronic benefit transfer services to provide for and maintain unique terminal  
25           identification number information through the supplemental nutrition assistance program  
26           electronic benefit transfer transaction routing system.”.

27           (c) Electronic Benefit Transfers.—Section 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7  
28           U.S.C. 2016(h)(3)(B)) is amended by striking “is operational—” and all that follows through  
29           “(ii) in the case of other participating stores,” and inserting “is operational”.

30           (d) Approval of Retail Food Stores and Wholesale Food Concerns.—Section 9 of the Food  
31           and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

32           (1) in subsection (a)—

33                   (A) in the second sentence of paragraph (a)(1), by striking “; and (C)” and inserting  
34                   “; (C) whether the applicant is located in an area with significantly limited access to  
35                   food; and (D)”;

36           (2) by adding at the end the following:

37           “(4) RETAIL FOOD STORES WITH SIGNIFICANT SALES OF EXCEPTED ITEMS.—

38                   “(A) IN GENERAL.—No retail food store for which at least 45 percent of the total  
39                   sales of the retail food store is from the sale of excepted items described in section  
40                   3(k)(1) may be authorized to accept and redeem benefits unless the Secretary

1 determines that the participation of the retail food store is required for the effective and  
2 efficient operation of the supplemental nutrition assistance program.

3 “(B) APPLICATION.—Subparagraph (A) shall be effective—

4 “(i) in the case of retail food stores applying to be authorized for the first time,  
5 beginning on the date that is 1 year after the date of enactment of this paragraph;  
6 and

7 “(ii) in the case of retail food stores participating in the program on the date of  
8 enactment of this paragraph, during periodic reauthorization in accordance with  
9 paragraph (2)(A).”; and

10 (3) by adding at the end the following:

11 “(g) EBT Service Requirement.—An approved retail food store shall provide adequate EBT  
12 service as described in section 7(h)(3)(B).”.

## 13 SEC. 4006. IMPROVING SECURITY OF FOOD 14 ASSISTANCE.

15 Section 7(h)(8) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)(8)) is amended—

16 (1) by striking the paragraph heading and inserting “REPLACEMENT OF CARDS.—”;

17 (2) by striking “A State” and inserting the following:

18 “(A) FEES.—A State”; and

19 (3) by adding after subparagraph (A) (as so designated by paragraph (2)) the following:

20 “(B) PURPOSEFUL LOSS OF CARDS.—

21 “(i) IN GENERAL.—Subject to terms and conditions established by the Secretary  
22 in accordance with clause (ii), if a household makes excessive requests for  
23 replacement of the electronic benefit transfer card of the household, the Secretary  
24 may require a State agency to decline to issue a replacement card to the household  
25 unless the household ~~responds to the~~, **upon** request of the State agency ~~to provide,~~  
26 **provides** an explanation for the loss of the card.

27 “(ii) REQUIREMENTS.—The terms and conditions established by the Secretary  
28 shall provide that—

29 “(I) the household be given the opportunity to provide the requested  
30 explanation and meet the requirements under this paragraph promptly;

31 “(II) after an excessive number of lost cards, the head of the household  
32 shall be required to review program rights and responsibilities with State  
33 agency personnel authorized to make determinations under section 5(a); and

34 “(III) any action taken, including actions required under section 6(b)(2),  
35 ~~beyond other than~~ the withholding of the electronic benefit transfer card  
36 ~~pending the response of the household to the State agency to provide an~~  
37 ~~explanation~~ **until an explanation described in subclause (I) is provided,**  
38 shall be consistent with the due process protections under section 6(b) or

1 11(e)(10), as appropriate.

2 “(C) PROTECTING VULNERABLE PERSONS.—In implementing this paragraph, a State  
3 agency shall act to protect homeless persons, persons with disabilities, victims of  
4 crimes, and other vulnerable persons who lose electronic benefit transfer cards but are  
5 not intentionally committing fraud.

6 “(D) EFFECT ON ELIGIBILITY.—While a State may decline to issue an electronic  
7 benefits transfer card until a household satisfies the requirements under this paragraph,  
8 nothing in this paragraph shall be considered a denial of, or limitation on, the eligibility  
9 for benefits under section 5.”.

## 10 SEC. 4007. TECHNOLOGY MODERNIZATION FOR 11 RETAILERS.

12 (a) Mobile Technologies.—Section 7(h) of the Food and Nutrition Act of 2008 (7 U.S.C.  
13 2016(h)) (as amended by section 4015(e)) is amended by adding at the end the following:

14 “(14) MOBILE TECHNOLOGIES.—

15 “(A) IN GENERAL.—Subject to subparagraph (B), the Secretary shall approve  
16 authorized retailers to redeem benefits through electronic means other than wired point  
17 of sale devices for electronic benefit transfer transactions, if the retailers—

18 “(i) establish recipient protections regarding privacy, ease of use, access, and  
19 support similar to the protections provided for transactions made in retail food  
20 stores;

21 “(ii) bear the costs of obtaining, installing, and maintaining mobile  
22 technologies, including mechanisms needed to process EBT cards and transaction  
23 fees;

24 “(iii) demonstrate the foods purchased with benefits issued under this section  
25 through mobile technologies are purchased at a price not higher than the price of  
26 the same food purchased by other methods used by the authorized retailer, as  
27 determined by the Secretary;

28 “(iv) provide adequate documentation for each authorized transaction, as  
29 determined by the Secretary; and

30 “(v) meet other criteria as established by the Secretary.

31 “(B) DEMONSTRATION PROJECT ON ACCEPTANCE OF BENEFITS OF MOBILE  
32 TRANSACTIONS.—

33 “(i) IN GENERAL.—Before authorizing implementation of subparagraph (A) in  
34 all States, the Secretary shall pilot the use of mobile technologies determined by  
35 the Secretary to be appropriate to test the feasibility and implications for program  
36 integrity, by allowing authorized retailers to accept benefits **from recipients of**  
37 **supplemental nutrition assistance** through mobile transactions.

38 “(ii) DEMONSTRATION PROJECTS.—To be eligible to participate in a  
39 demonstration project under clause (i), an authorized retailer shall submit to the

1 Secretary for approval a plan that includes—

2 “(I) a description of the technology;

3 “(II) the manner by which the retailer will provide proof of the transaction  
4 to households;

5 “(III) the provision of data to the Secretary, consistent with requirements  
6 established by the Secretary, in a manner that allows the Secretary to  
7 evaluate the impact of the demonstration on participant access, ease of use,  
8 and program integrity; and

9 “(IV) such other criteria as the Secretary may require.

10 “(iii) DATE OF COMPLETION.—The demonstration projects under this  
11 subparagraph shall be completed and final reports submitted to the Secretary by  
12 not later than July 1, 2015.

13 “(C) REPORT TO CONGRESS.—The Secretary shall—

14 “(i) by not later than January 1, 2016, authorize implementation of  
15 subparagraph (A) in all States, unless the Secretary makes a finding, based on the  
16 ~~analysis and reports required~~ **data provided** under subparagraph ~~(C)~~(B), that  
17 implementation in all States is not in the best interest of the supplemental  
18 nutrition assistance program; and

19 “(ii) if the determination made in clause (i) is not to implement subparagraph  
20 (A) in all States, submit a report to the Committee on Agriculture of the House of  
21 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the  
22 Senate that includes the basis of the finding.”.

23 (b) Acceptance of Benefits Through On-line Transactions.—

24 (1) IN GENERAL.—Section 7 of the Food and Nutrition Act of 2008 (7 U.S.C. 2016) is  
25 amended by adding at the end the following:

26 “(k) Option to Accept Program Benefits Through On-line Transactions.—

27 “(1) IN GENERAL.—Subject to paragraph (4), the Secretary shall approve ~~firms authorized~~  
28 ~~to redeem benefits under this Act to redeem benefits~~ **authorized food retailers to accept**  
29 **benefits from recipients of supplemental nutrition assistance** through on-line  
30 transactions.

31 “(2) ~~ELIGIBLE FIRMS.—A FIRM THAT SEEKS AUTHORIZATION TO REDEEM BENEFITS-~~  
32 **REQUIREMENTS TO ACCEPT BENEFITS.—An authorized food retailer seeking to accept**  
33 **benefits from recipients of supplemental nutrition assistance** through on-line  
34 transactions shall—

35 “(A) establish recipient protections regarding privacy, ease of use, access, and  
36 support similar to the protections provided for transactions made in retail food stores;

37 “(B) ensure benefits are not used to pay delivery, ordering, convenience, or other  
38 fees or charges;

39 “(C) clearly notify participating households at the time a food order is placed—

1                   “(i) of any delivery, ordering, convenience, or other fee or charge associated  
2                   with the food purchase; and

3                   “(ii) that any such fee cannot be paid with benefits provided under this Act;

4                   “(D) ensure the security of on-line transactions by using the most effective  
5                   technology available that the Secretary considers appropriate and cost-effective and  
6                   that is comparable to the security of transactions at retail food stores; and

7                   “(E) meet other criteria, ~~including security criteria~~, as established by the Secretary.

8                   “(3) STATE AGENCY ACTION.—Each State agency shall ensure that ~~the EBT systems of~~  
9                   ~~the State provide access to on-line purchasing~~ **recipients of supplemental nutrition**  
10                   **assistance can redeem benefits on-line as** described in this subsection as appropriate ~~and~~  
11                   ~~continue to meet other requirements of this Act.~~

12                   “(4) DEMONSTRATION PROJECT ON ACCEPTANCE OF BENEFITS THROUGH ON-LINE  
13                   TRANSACTIONS.—

14                   “(A) IN GENERAL.—Before the Secretary authorizes implementation of paragraph (1)  
15                   in all States, the Secretary shall carry out a number of demonstration projects as  
16                   determined by the Secretary to test the feasibility of allowing authorized retailers to  
17                   accept benefits through on-line transactions.

18                   “(B) DEMONSTRATION PROJECTS.—To be eligible to participate in a demonstration  
19                   project under subparagraph (A), an authorized retailer shall submit to the Secretary for  
20                   approval a plan that includes—

21                   “(i) a method of ~~differentiating items of foods purchased with benefits issued~~  
22                   ~~under this Act from items of food that are not permissible to be purchased with~~  
23                   ~~benefits issued~~ **ensuring that benefits may be used to purchase only eligible**  
24                   **items** under this Act;

25                   “(ii) a description of the method of educating participant households about the  
26                   availability and operation of on-line purchasing;

27                   “(iii) adequate testing of the on-line purchasing option prior to implementation;

28                   “(iv) the provision of data as requested by the Secretary for purposes of  
29                   analyzing the impact of the project on participant access, ease of use, and program  
30                   integrity;

31                   “(v) reports on progress, challenges, and results, as determined by the  
32                   Secretary; and

33                   “(vi) such other criteria, including security criteria, as established by the  
34                   Secretary.

35                   “(C) DATE OF COMPLETION.—The demonstration projects under this paragraph shall  
36                   be completed and final reports submitted to the Secretary by not later than July 1,  
37                   2015.

38                   “(5) REPORT TO CONGRESS.—The Secretary shall—

39                   “(A) by not later than January 1, 2016, authorize implementation of paragraph (1) in  
40                   all States, unless the Secretary makes a finding, based on the data ~~and reports~~ provided

1 under paragraph (4), that implementation in all States is not in the best interest of the  
2 supplemental nutrition assistance program; and

3 “(B) if the determination made in subparagraph (A) is not to implement in all States,  
4 submit a report to the Committee on Agriculture of the House of Representatives and  
5 the Committee on Agriculture, Nutrition, and Forestry of the Senate that includes the  
6 basis of the finding.”.

7 (2) CONFORMING AMENDMENTS.—

8 (A) Section 7(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(b)) is  
9 amended by striking “purchase food in retail food stores” and inserting “purchase food  
10 from retail food stores”.

11 (B) Section 10 of the Food and Nutrition Act of 2008 (7 U.S.C. 2019) is amended in  
12 the first sentence by inserting “retail food stores authorized to **accept and** redeem  
13 benefits through on-line transactions shall be authorized to accept benefits prior to the  
14 delivery of food if the delivery occurs within a reasonable time of the purchase, as  
15 determined by the Secretary, ~~“after ”~~ **after** “food so purchased,”.

16 **(c) Savings Clause.—Nothing in this section or an amendment made by this section alter**  
17 **any requirements of the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) unless**  
18 **specifically authorized in this section or an amendment made by this section.**

19 **SEC. 4008. RESTAURANT MEALS PROGRAM.**

20 (a) In General.—Section 11(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2020(e)) is  
21 amended—

22 (1) in paragraph (22), by striking “and” at the end;

23 (2) in paragraph (23), by striking the period at the end of subparagraph (C) and inserting  
24 “; and”; and

25 (3) by adding at the end the following:

26 “(24) if the State elects to carry out a program to contract with private establishments to  
27 offer meals at concessional prices, as described in paragraphs 3, 4, and 9 of section 3(k)—

28 “(A) the plans of the State agency for operating the program, including—

29 “(i) documentation of a need that eligible homeless, elderly, and disabled  
30 clients are underserved in a particular geographic area;

31 “(ii) the manner by which the State agency will limit participation to only those  
32 private establishments that the State determines necessary to meet the need  
33 identified in clause (i); and

34 “(iii) any other conditions the Secretary may prescribe, such as the level of  
35 security necessary to ensure that only eligible recipients participate in the  
36 program; and

37 “(B) a report by the State agency to the Secretary annually, the schedule of which  
38 shall be established by the Secretary, that includes—

39 “(i) the number of households and individual recipients authorized to

1 participate in the program, including any information on whether the individual  
2 recipient is elderly, disabled, or homeless; and

3 “(ii) an assessment of whether the program is meeting an established need, as  
4 documented under subparagraph (A)(i).”.

5 (b) Approval of Retail Food Stores and Wholesale Food Concerns.—Section 9 of the Food  
6 and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended by section 4005(d)(3)) is amended by  
7 adding at the end the following:

8 “(h) Private Establishments.—

9 “(1) IN GENERAL.—Subject to paragraph (2), no private establishment that contracts with  
10 a State agency to offer meals at concessional prices as described in paragraphs 3, 4, and 9 of  
11 section 3(k) may be authorized to accept and redeem benefits unless the Secretary  
12 determines that the participation of the private establishment is required to meet a  
13 documented need in accordance with section 11(e)(24).

14 “(2) EXISTING CONTRACTS.—

15 “(A) IN GENERAL.—If, on the day before the date of enactment of this subsection, a  
16 State has entered into a contract with a private establishment described in paragraph  
17 (1) and the Secretary has not determined that the participation of the private  
18 establishment is necessary to meet a documented need in accordance with section  
19 11(e)(24), the Secretary shall allow the operation of the private establishment to  
20 continue without that determination of need for a period not to exceed 180 days from  
21 the date on which the Secretary establishes determination criteria, by regulation, under  
22 section 11(e)(24).

23 “(B) JUSTIFICATION.—If the Secretary makes a determination to terminate a contract  
24 with a private establishment that is in effect on the date of enactment of this  
25 subsection, the Secretary shall provide justification to the State in which the private  
26 establishment is located for that termination.

27 “(3) REPORT TO CONGRESS.—Not later than 90 days after September 30, 2013, and 90  
28 days after the last day of each fiscal year thereafter, the Secretary shall report to the  
29 Committee on Agriculture of the House of Representatives and the Committee on  
30 Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of a program under  
31 this subsection using any information received from States under section 11(e)(24) as well  
32 as any other information the Secretary may have relating to the manner in which benefits  
33 are used.”.

34 (c) Conforming Amendments.—Section 3(k) of the Food and Nutrition Act of 2008 (7 U.S.C.  
35 2012(k)) is amended by inserting “subject to section 9(h)” after “concessional prices” each place  
36 it appears.

37 **SEC. 4009. QUALITY CONTROL ERROR RATE**  
38 **~~DETERMINATION. FUNDING OF EMPLOYMENT AND~~**  
39 **~~TRAINING PROGRAMS.~~**

40 **~~Section 16(h)(1)(A) of the Food and Nutrition Act of 2008 (7-~~**

1 ~~U.S.C. 2025(h)(1)(A)) is amended by striking [“\$90,000,000”~~  
2 ~~and inserting “\$79,000,000”.]~~

3 \*\* 1 Section ~~25(b)~~ 16(c) of the Food and Nutrition Act of 2008 (7 U.S.C. ~~2034~~) 2025(c) is  
4 amended by adding at the end the following:

5 “(10) TOLERANCE LEVEL.—For the purposes of this subsection, the Secretary shall  
6 set the tolerance level for excluding small errors at \$25.”.

## 7 SEC. 4010. AUTHORIZATION OF APPROPRIATIONS.

8 Section 18(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(a)(1)) is amended in  
9 the first sentence by striking “2012” and inserting “2017”.

## 10 SEC. 4011. ASSISTANCE FOR COMMUNITY FOOD 11 PROJECTS.

12  
13 \* 1 Section ~~25(b)~~ of the Food and Nutrition Act of 2008 (7 U.S.C. 2034) is amended by  
14 adding at the end the following:

15 **Section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034) is amended—**

16 **(1) in subsection (a)(1)(B)(ii)—**

17 **(A) by striking subclause (I); and**

18 **(B) by redesignating subclauses (II) and (III) as subclauses (I) and (II),**  
19 **respectively; and**

20 **(2) in subsection (b), by adding at the end the following:**

21 “(3) FUNDING.—

22 “(A) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the  
23 Secretary of the Treasury shall transfer to the Secretary to carry out this section not  
24 less than \$5,000,000 for fiscal year 2013 and each fiscal year thereafter ~~through fiscal~~  
25 ~~year 2017.~~

26 “(B) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall  
27 accept, and shall use to carry out this section the funds transferred under ~~paragraph (1)~~  
28 **subparagraph (A)**, without further appropriation.

29 “(C) MAINTENANCE OF FUNDING.—The funding provided under subparagraph (A)  
30 shall supplement (and not supplant) other Federal funding made available to the  
31 Secretary to carry out this section.”.

## 32 SEC. 4012. EMERGENCY FOOD ASSISTANCE.

33 (a) Purchase of Commodities.—Section 27(a) of the Food and Nutrition Act of 2008 (7 U.S.C.  
34 2036(a)) is amended—

35 (1) in paragraph (1), by striking “2008 through 2012” and inserting “2012 through 2017”;

1           and  
2           (2) in paragraph (2)—  
3           (A) by striking subparagraphs (A) and (B)(2) by striking paragraph (2) and inserting  
4           the following:

5           **“(2) AMOUNTS.—The Secretary shall use to carry out paragraph (1)—**

6                   “(A) for fiscal year 2012, \$260,000,000; and

7                   “(B) for **each subsequent** fiscal year ~~2013~~, the dollar amount of commodities  
8                   specified in subparagraph (A) adjusted by the percentage by which the thrifty food  
9                   plan has been adjusted under section 3(u)(4) between June 30, ~~2011~~ **2012**, and June 30,  
10                   ~~2012~~ **of the immediately preceding fiscal year**, and subsequently increased by  
11                   ~~[\$10,000,000]”; and by—~~

12                   ~~(B) in subparagraph (C)—“(i) for fiscal year 2013, \$28,000,000;~~

13                   ~~(i) by striking “2010 through 2012, the dollar amount of commodities specified~~  
14                   ~~in” and inserting “2014 through 2017, the total amount of commodities under”;~~  
15                   ~~and“(ii) for fiscal year 2014, \$24,000,000;~~

16                   ~~(ii) by striking “2008” and inserting “2012”.~~“(iii) for fiscal year 2015,  
17                   **\$20,000,000;**

18                   **“(iv) for fiscal year 2016, \$18,000,000; and**

19                   **“(v) for fiscal year 2017 and each fiscal year thereafter, \$10,000,000.”; and**

20           **(3) by adding at the end the following:**

21           **“(3) FUNDS AVAILABILITY.—For purposes of the funds described in this subsection,**  
22           **the Secretary shall—**

23                   **“(A) make the funds available for 2 fiscal years; and**

24                   **“(B) allow States to carry over unexpended balances to the next fiscal year**  
25                   **pursuant to such terms and conditions as are determined by the Secretary.”.**

26           (b) Emergency Food Program Infrastructure Grants.—Section 209(d) of the Emergency Food  
27           Assistance Act of 1983 (7 U.S.C. 7511a(d)) is amended by striking “2012” and inserting “2017”.

## 28   **SEC. 4013. NUTRITION EDUCATION.**

29           Section 28(b) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036a(b)) is amended by  
30           inserting “and physical activity” after “healthy food choices”.

## 31   **SEC. 4014. RETAILER AND RECIPIENT TRAFFICKING.**

32           The Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) is amended by adding at the end  
33           the following:

### 34   **“SEC. 29. RETAILER AND RECIPIENT TRAFFICKING.**

35           “(a) Purpose.—The purpose of this section is to provide the Department of Agriculture with  
36           additional resources to prevent trafficking in violation of this Act by strengthening recipient and

1 retailer program integrity.

2 “(b) Use of Funds.—Additional funds are provided under this section to supplement the  
3 payment accuracy, and retailer and recipient integrity activities of the Department.

4 “(c) Funding.—

5 “(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the  
6 Secretary of the Treasury shall transfer to the Secretary to carry out this section not less than  
7 ~~[\$5,000,000]~~ **\$18,500,000** for fiscal year 2013 and each fiscal year thereafter.

8 “(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept,  
9 and shall use to carry out this section the funds transferred under paragraph (1), without  
10 further appropriation.

11 “(3) MAINTENANCE OF FUNDING.—The funding provided under paragraph (1) shall  
12 supplement (and not supplant) other Federal funding for programs carried out under this  
13 Act.”.

## 14 SEC. 4015. TECHNICAL AND CONFORMING 15 AMENDMENTS.

16 (a) Section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012) is amended—

17 (1) in subsection (g), by striking “coupon,” and inserting “coupon”;

18 (2) in subsection (k)(7), by striking “or are” and inserting “and”;

19 (3) by striking subsection (l);

20 (4) by redesignating subsections (m) through (t) as subsections (l) through (s),  
21 respectively; and

22 (5) by inserting after subsection (s) (as so redesignated) the following:

23 “(t) ‘Supplemental nutrition assistance program’ means the program operated pursuant to this  
24 Act.”.

25 (b) Section 4(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2013(a)) is amended in the  
26 last sentence by striking “benefits” and inserting “Benefits”.

27 (c) Section 5 of the Food and Nutrition Act of 2008 (7 U.S.C. 2014) is amended—

28 (1) in the last sentence of subsection (i)(2)(D), by striking “section 13(b)(2)” and  
29 inserting “section 13(b)”;

30 (2) in subsection (k)(4)(A), by striking “paragraph (2)(H)” and inserting “paragraph  
31 (2)(G)”.

32 (d) Section 6(d)(4) of the Food and Nutrition Act of 2008 (7 U.S.C. 2015(d)(4)) is amended in  
33 subparagraphs (B)(vii) and (F)(iii) by indenting both clauses appropriately.

34 (e) Section 7(h) of the Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) is amended by  
35 redesignating the second paragraph (12) (relating to interchange fees) as paragraph (13).

36 (f) Section 9(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2018(a)) is amended by  
37 indenting paragraph (3) appropriately.

1 (g) Section 12 of the Food and Nutrition Act of 2008 (7 U.S.C. 2021) is amended—  
2 (1) in subsection (b)(3)(C), by striking “civil money penalties” and inserting “civil  
3 penalties”; and  
4 (2) in subsection (g)(1), by striking “(7 U.S.C. 1786)” and inserting “(42 U.S.C. 1786)”.

5 (h) Section 15(b)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2024(b)(1)) is amended  
6 in the first sentence by striking “an benefit” and inserting “a benefit”.

7 (i) Section 16(a) of the Food and Nutrition Act of 2008 (7 U.S.C. 2025(a)) is amended in the  
8 proviso following paragraph (8) by striking “as amended.”.

9 (j) Section 18(e) of the Food and Nutrition Act of 2008 (7 U.S.C. 2027(e)) is amended in the  
10 first sentence by striking “sections 7(f)” and inserting “section 7(f)”.

11 (k) Section 22(b)(10)(B)(i) of the Food and Nutrition Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i))  
12 is amended in the last sentence by striking “Food benefits” and inserting “Benefits”.

13 (l) Section 26(f)(3)(C) of the Food and Nutrition Act of 2008 (7 U.S.C. 2035(f)(3)(C)) is  
14 amended by striking “subsection” and inserting “subsections”.

15 (m) Section 27(a)(1) of the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a)(1)) is amended  
16 by striking “(Public Law 98–8; 7 U.S.C. 612c note)” and inserting “(7 U.S.C. 7515)”.

17 (n) Section 509 of the Older Americans Act of 1965 (42 U.S.C. 3056g) is amended in the  
18 section heading by striking “food stamp programs” and inserting “supplemental nutrition  
19 assistance programs”.

20 (o) Section 4115(c)(2)(H) of the Food, Conservation, and Energy Act of 2008 (Public Law  
21 110–246; 122 Stat. 1871) is amended by striking “531” and inserting “454”.

## 22 Subtitle B—Commodity Distribution Programs

### 23 SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.

24 Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note;  
25 Public Law 93–86) is amended in the first sentence by striking “2012” and inserting “2017”.

### 26 SEC. 4102. COMMODITY SUPPLEMENTAL FOOD 27 PROGRAM.

28 Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public  
29 Law 93–86) is amended—

30 (1) in paragraphs (1) and (2)(B) of subsection (a), by striking “2012” each place it  
31 appears and inserting “2017”;

32 (2) in the first sentence of subsection (d)(2), by striking “2012” and inserting “2017”;

33 (3) by striking subsection (g) and inserting the following:

34 “(g) Eligibility.—Except as provided in subsection (m), the States shall only provide  
35 assistance under the commodity supplemental food program to low-income persons aged 60 and  
36 older.”; and

1 (4) by adding at the end the following:

2 “(m) Phase-out.—Notwithstanding any other provision of law, an individual who receives  
3 assistance under the commodity supplemental food program on the day before the date of  
4 enactment of this subsection shall continue to receive that assistance until the date on which the  
5 individual is no longer eligible for assistance under the eligibility requirements for the program  
6 in effect on the day before the date of enactment of this subsection.”.

## 7 **SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES** 8 **TO SPECIAL NUTRITION PROJECTS.**

9 Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is  
10 amended in the first sentence by striking “2012” and inserting “2017”.

## 11 **SEC. 4104. TECHNICAL AND CONFORMING** 12 **AMENDMENTS.**

13 Section 3 of the Commodity Distribution Reform Act and WIC Amendments of 1987 (7  
14 U.S.C. 612c note; Public Law 100–237) is amended—

15 (1) in subsection (a)—

16 (A) in paragraph (2), by striking subparagraph (B) and inserting the following:

17 “(B) the program established under section 4(b) of the Food and Nutrition Act of  
18 2008 (7 U.S.C. 2013(b));”; and

19 (B) in paragraph (3)(D), by striking “the Committee on Education and Labor” and  
20 inserting “the Committee on Education and the Workforce”;

21 (2) in subsection (b)(1)(A)(ii), by striking “section 32 of the Agricultural Adjustment Act  
22 (7 U.S.C. 601 et seq.)” and inserting “section 32 of the Act of August 24, 1935 (7 U.S.C.  
23 612c)”;

24 (3) in subsection (e)(1)(D)(iii), by striking subclause (II) and inserting the following:

25 “(II) the program established under section 4(b) of the Food and Nutrition  
26 Act of 2008 (7 U.S.C. 2013(b));”; and

27 (4) in subsection (k), by striking “the Committee on Education and Labor” and inserting  
28 “the Committee on Education and the Workforce”.

## 29 **Subtitle C—Miscellaneous**

### 30 **SEC. 4201. PURCHASE OF FRESH FRUITS AND** 31 **VEGETABLES FOR DISTRIBUTION TO SCHOOLS AND** 32 **SERVICE INSTITUTIONS.**

33 Section 10603(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.  
34 612c–4(b)) is amended by striking “2012” and inserting “2017”.

### 35 **SEC. 4202. SENIORS FARMERS’ MARKET NUTRITION**

1 **PROGRAM.**

2 Section 4402(a) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3007(a)) is  
3 amended by striking “2012” and inserting “2017”.

4 **SEC. 4203. NUTRITION INFORMATION AND**  
5 **AWARENESS PILOT PROGRAM.**

6 Section 4403 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3171 note;  
7 Public Law 107–171) is repealed.

8 **SEC. 4204. WHOLE GRAIN PRODUCTS.**

9 Section 4305 of the Food, Conservation, and Energy Act of 2008 (42 U.S.C. 1755a) is  
10 amended—

11 (1) in subsection (a), by striking “2005” and inserting “2010”;

12 (2) in subsection (d), by striking “2011” and inserting “2015”;

13 (3) in subsection (e), by striking “Labor of the House of Representative” and inserting  
14 “the Workforce of the House of Representatives”; and

15 (4) by adding at the end the following:

16 “(f) Funding.—

17 “(1) IN GENERAL.—On October 1, ~~2012~~ **2013**, out of any funds in the Treasury not  
18 otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary to carry  
19 out this section \$10,000,000 for the period of fiscal years {2014 through 2015}.

20 “(2) RECEIPT AND ACCEPTANCE.—The Secretary shall be entitled to receive, shall accept,  
21 and shall use to carry out this section the funds transferred under paragraph (1), without  
22 further appropriation.

23 “(3) MAINTENANCE OF FUNDING.—The funding provided under paragraph (1) shall  
24 supplement (and not supplant) other Federal funding (including funds made available under  
25 section 32 of the Act of August 24, 1935 (7 U.S.C. 612c)) for programs carried out under—

26 “(A) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.),  
27 except for section 19 of that Act (42 U.S.C. 1769a);

28 “(B) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.); and

29 “(C) section 27 of the Food and Nutrition Act of 2008 (7 U.S.C. 2036).”.

30 **SEC. 4205. HUNGER-FREE COMMUNITIES.**

31 Section 4405 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7517) is  
32 amended—

33 (1) in subsection (a)—

34 (A) by striking paragraph (1) and inserting the following:

35 “(1) ELIGIBLE ENTITY.—

1           “(A) COLLABORATIVE GRANTS.—In subsection (b), the term ‘eligible entity’ means a  
2 public food program service provider or nonprofit organization, including an  
3 emergency feeding organization, that has collaborated or will collaborate with 1 or  
4 more local partner organizations to achieve at least 1 hunger-free communities goal.

5           “(B) INCENTIVE GRANTS.—In subsection (c), the term ‘eligible entity’ means a  
6 nonprofit organization (including an emergency feeding organization), an agricultural  
7 cooperative, producer network or association, ~~other agricultural producer business-~~  
8 ~~entity~~, community health organization, public benefit corporation, economic  
9 development corporation, farmers’ market, community-supported agriculture program,  
10 buying club, supplemental nutrition assistance program authorized retailer, a State,  
11 local, or tribal agency, and any other entity the Secretary designates.”;

12           (B) by adding at the end the following:

13           “(4) SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM.—The term ‘supplemental  
14 nutrition assistance program’ means the supplemental nutrition assistance program  
15 established under the Food and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

16           “(5) UNDERSERVED COMMUNITY.—The term ‘underserved community’ has the meaning  
17 given the term in section 25 of the Food and Nutrition Act of 2008 (7 U.S.C. 2034).”;

18           (2) in subsection (b)(1)(A), by striking “not more than 50 percent of any funds made  
19 available under subsection (e)” and inserting “funds made available under subsection  
20 (d)(1)”; and

21           (3) by striking subsections (c), (d), and (e) and inserting the following:

22           “(c) Hunger-free Communities Incentive Grants.—

23           “(1) AUTHORIZATION.—

24           “(A) IN GENERAL.—In each of the years specified in subsection (d), the Secretary  
25 shall make grants to eligible entities in accordance with paragraph (2).

26           “(B) FEDERAL SHARE.—The Federal share of the cost of carrying out an activity  
27 under this subsection shall not exceed 50 percent of the total cost of the activity.

28           “(C) NON-FEDERAL SHARE.—

29           “(i) IN GENERAL.—The non-Federal share of the cost of an activity under this  
30 subsection may be provided—

31                   “(I) in cash or in-kind contributions as determined by the Secretary,  
32 including facilities, equipment, or services; and

33                   “(II) by a State or local government or a private source.

34           “(ii) LIMITATION.—In the case of a for-profit entity, the non-Federal share  
35 described in ~~subclause (I) clause (i)~~ shall not include services of an employee,  
36 including salaries paid or expenses covered by the employer.

37           “(2) CRITERIA.—

38           “(A) IN GENERAL.—For purposes of this subsection, an eligible entity is a  
39 governmental agency or nonprofit organization that—

- 1                   “(i) meets the application criteria set forth by the Secretary; and  
2                   “(ii) proposes a project that, at a minimum—  
3                         “(I) has the support of the State agency;  
4                         “(II) would increase the purchase of fruits and vegetables by low-income  
5                         consumers participating in the supplemental nutrition assistance program by  
6                         providing incentives at the point of purchase;  
7                         “(III) agrees to participate in the evaluation described in paragraph (4);  
8                         “(IV) ensures that the same terms and conditions apply to purchases made  
9                         by individuals with benefits issued under this Act and incentives provided  
10                         for in this subsection as apply to purchases made by individuals who are not  
11                         members of households receiving benefits, such as provided for in section  
12                         278.2(b) of title 7, Code of Federal Regulations (or a successor regulation);  
13                         and  
14                         “(V) includes effective and efficient technologies for benefit redemption  
15                         systems that may be replicated in other for States and communities.
- 16                   “(B) PRIORITY.—In awarding grants under this section, the Secretary shall give  
17                   priority to projects that—  
18                         “(i) maximize the share of funds used for direct incentives to participants;  
19                         “(ii) use direct-to-consumer sales marketing;  
20                         “(iii) demonstrate a track record of designing and implementing successful  
21                         nutrition incentive programs that connect low-income consumers and agricultural  
22                         producers;  
23                         “(iv) provide locally or regionally produced fruits and vegetables;  
24                         “(v) are located in underserved communities; or  
25                         “(vi) address other criteria as established by the Secretary.
- 26                   “(3) APPLICABILITY.—  
27                         “(A) IN GENERAL.—The value of any benefit provided to a participant in any activity  
28                         funded under this subsection shall not be considered income or resources for any  
29                         purpose under any Federal, State, or local law.  
30                         “(B) PROHIBITION ON COLLECTION OF SALES TAXES.—Each State shall ensure that no  
31                         State or local tax is collected on a purchase of food under this subsection.  
32                         “(C) NO LIMITATION ON BENEFITS.—A grant made available under this subsection  
33                         shall not be used to carry out any project that limits the use of benefits under the Food  
34                         and Nutrition Act of 2008 (7 U.S.C. 2011 et seq.) or any other Federal nutrition law.  
35                         “(D) HOUSEHOLD ALLOTMENT.—Assistance provided under this subsection to  
36                         households receiving benefits under the supplemental nutrition assistance program  
37                         shall not—  
38                         “(i) be considered part of the supplemental nutrition assistance program

1 benefits of the household; or

2 “(ii) be used in the collection or disposition of claims under section 13 of the  
3 Food and Nutrition Act of 2008 (7 U.S.C. 2022).

4 “(4) EVALUATION.—

5 “(A) INDEPENDENT EVALUATION.—The Secretary shall provide for an independent  
6 evaluation of projects selected under this subsection that measures the impact of each  
7 project on—

8 “(i) improving the nutrition and health status of participating households  
9 receiving incentives under this subsection; and

10 “(ii) increasing fruit and vegetable purchases in participating households.

11 “(B) REQUIREMENT.—The independent evaluation under ~~subclause~~ **subparagraph**  
12 (A) shall use rigorous methodologies capable of producing scientifically valid  
13 information regarding the effectiveness of a project.

14 “(C) COSTS.—The Secretary may use funds not to exceed 10 percent of the funding  
15 provided to carry out this section to pay costs associated with administering,  
16 monitoring, and evaluating each project.

17 “(d) Funding.—

18 “(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
19 carry out subsection (b) \$5,000,000 for each of fiscal years 2013 through 2017.

20 “(2) MANDATORY FUNDING.—Of the funds of the Commodity Credit Corporation, the  
21 Secretary shall use to carry out subsection (c)—

22 “(A) \$15,000,000 for fiscal year 2013;

23 “(B) \$20,000,000 for each of fiscal years 2014 through 2016; and

24 “(C) \$25,000,000 for fiscal year 2017.”

## 25 **SEC. 4206. HEALTHY FOOD FINANCING INITIATIVE.**

26 (a) **In General.**—Subtitle D of title II of the Department of Agriculture Reorganization  
27 Act of 1994 (7 U.S.C. 6951 et seq.) is amended by adding at the end the following:

## 28 **“SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

29 “(a) **Purpose.**—The purpose of this section is to enhance the authorities of the Secretary  
30 to support efforts to provide access to healthy food by establishing an initiative to improve  
31 access to healthy foods in underserved areas, to create and preserve quality jobs, and to  
32 revitalize low-income communities by providing loans and grants to eligible fresh, healthy  
33 food retailers to overcome the higher costs and initial barriers to entry in underserved  
34 areas.

35 “(b) **Definitions.**—In this section:

36 “(1) **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.**—The term ‘community  
37 development financial institution’ has the meaning given the term in section 103 of the

1       **Community Development Banking and Financial Institutions Act of 1994 (12 U.S.C.**  
2       **4702).**

3       **“(2) INITIATIVE.—The term ‘Initiative’ means the Healthy Food Financing Initiative**  
4       **established under subsection (c)(1).**

5       **“(3) NATIONAL FUND MANAGER.—The term ‘national fund manager’ means a**  
6       **community development financial institution that is—**

7               **“(A) in existence on the date of enactment of this section; and**

8               **“(B) certified by the Community Development Financial Institution Fund of the**  
9       **Department of Treasury to manage the Initiative for purposes of—**

10               **“(i) raising private capital;**

11               **“(ii) providing financial and technical assistance to partnerships; and**

12               **“(iii) funding eligible projects to attract fresh, healthy food retailers to**  
13       **underserved areas, in accordance with this section.**

14       **“(4) PARTNERSHIP.—The term ‘partnership’ means a regional, State, or local**  
15       **public-private partnership that—**

16               **“(A) is organized to improve access to fresh, healthy foods;**

17               **“(B) provides financial and technical assistance to eligible projects; and**

18               **“(C) meets such other criteria as the Secretary may establish.**

19       **“(5) PERISHABLE FOOD.—The term ‘perishable food’ means a staple food that is**  
20       **fresh, refrigerated, or frozen.**

21       **“(6) QUALITY JOB.—The term ‘quality job’ means a job that provides wages and**  
22       **other benefits comparable to, or better than, similar positions in existing businesses of**  
23       **similar size in similar local economies.**

24       **“(7) STAPLE FOOD.—**

25               **“(A) IN GENERAL.—The term ‘staple food’ means food that is a basic dietary**  
26       **item.**

27               **“(B) INCLUSIONS.—The term ‘staple food’ includes—**

28               **“(i) bread;**

29               **“(ii) flour;**

30               **“(iii) fruits;**

31               **“(iv) vegetables; and**

32               **“(v) meat.**

33       **“(c) Initiative.—**

34               **“(1) ESTABLISHMENT.—The Secretary shall establish an initiative to achieve the**  
35       **purpose described in subsection (a) in accordance with this subsection.**

36       **“(2) IMPLEMENTATION.—**

1           **“(A) IN GENERAL.—**

2                   **“(i) IN GENERAL.—In carrying out the Initiative, the Secretary shall**  
3                   **provide funding to entities with eligible projects, as described in**  
4                   **subparagraph (B), subject to the priorities described in subparagraph (C).**

5                   **“(ii) USE OF FUNDS.—Funds provided to an entity pursuant to clause (i)**  
6                   **shall be used—**

7                           **“(I) to create revolving loan pools of capital or other products to**  
8                           **provide loans to finance eligible projects or partnerships;**

9                           **“(II) to provide grants for eligible projects or partnerships;**

10                           **“(III) to provide technical assistance to funded projects and entities**  
11                           **seeking Initiative funding; and**

12                           **“(IV) to cover administrative expenses of the national fund manager**  
13                           **in an amount not to exceed 10 percent of the Federal funds provided.**

14           **“(B) ELIGIBLE PROJECTS.—Subject to the approval of the Secretary, the**  
15           **national fund manager shall establish eligibility criteria for projects under the**  
16           **Initiative, which shall include the existence or planned execution of agreements—**

17                   **“(i) to expand or preserve the availability of staple foods in underserved**  
18                   **areas with moderate- and low-income populations by maintaining or**  
19                   **increasing the number of retail outlets that offer an assortment of perishable**  
20                   **food and staple food items, as determined by the Secretary, in those areas;**  
21                   **and**

22                   **“(ii) to accept benefits under the supplemental nutrition assistance**  
23                   **program established under the Food and Nutrition Act of 2008 (7 U.S.C.**  
24                   **2011 et seq.).**

25           **“(C) PRIORITIES.—In carrying out the Initiative, priority shall be given to**  
26           **projects that—**

27                   **“(i) are located in severely distressed low-income communities, as defined**  
28                   **by the Community Development Financial Institutions Fund of the**  
29                   **Department of Treasury; and**

30                   **“(ii) include 1 or more of the following characteristics:**

31                           **“(I) The project will create or retain quality jobs for low-income**  
32                           **residents in the community.**

33                           **“(II) The project supports regional food systems and locally grown**  
34                           **foods, to the maximum extent practicable.**

35                           **“(III) In areas served by public transit, the project is accessible by**  
36                           **public transit.**

37                           **“(IV) The project involves women- or minority-owned businesses.**

38                           **“(V) The project receives funding from other sources, including other**  
39                           **Federal agencies.**

1                                   **“(VI) The project otherwise advances the purpose of this section, as**  
2                                   **determined by the Secretary.**

3                   **“(d) Authorization of Appropriations.—There is authorized to be appropriated to the**  
4                   **Secretary to carry out this section \$125,000,000, to remain available until expended.”.**

5                   **(b) Conforming Amendment.—Section 296(b) of the Department of Agriculture**  
6                   **Reorganization Act of 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d)) is**  
7                   **amended—**

8                   **(1) in paragraph (7), by striking “or” at the end;**

9                   **(2) in paragraph (8), by striking the period at the end and inserting “; or”; and**

10                   **(3) by adding at the end the following:**

11                   **“(9) the authority of the Secretary to establish and carry out the Health Food**  
12                   **Financing Initiative under section 242.”.**

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**TITLE V—CREDIT [COMPLETE SUBSTITUTE  
AMENDMENT]**

**Subtitle A—Farmer Loans, Servicing, and Other Assistance  
Under the Consolidated Farm and Rural Development Act**

**SEC. 5001. FARMER LOANS, SERVICING, AND OTHER  
ASSISTANCE UNDER THE CONSOLIDATED FARM AND  
RURAL DEVELOPMENT ACT.**

The Consolidated Farm and Rural Development Act (as amended by section 6001) is amended  
by inserting after section 3002 the following:

**“Subtitle A—Farmer Loans, Servicing, and Other Assistance  
“CHAPTER 1—FARM OWNERSHIP LOANS  
“SEC. 3101. FARM OWNERSHIP LOANS.**

“(a) In General.—The Secretary may make or guarantee a farm ownership loan under this  
chapter to an eligible farmer.

“(b) Eligibility.—A farmer shall be eligible under subsection (a) only—

“(1) if the farmer, or an individual holding a majority interest in the farmer—

“(A) is a citizen of the United States; and

“(B) **in the case of a direct loan**, has training or farming experience that the  
Secretary determines is sufficient to ensure a reasonable prospect of success in the  
farming operation proposed by the farmer;

“(2)(A) in the case of a farmer that is an individual, if the farmer is or proposes to  
become an owner and operator of a farm that is not larger than a family farm; or

“(B) in the case of a lessee-operator of a farm located in the State of Hawaii, if the  
Secretary determines that—

“(i) the farm is not larger than a family farm;

“(ii) the farm cannot be acquired in fee simple by the lessee-operator;

“(iii) adequate security is provided for the loan with respect to the farm for which  
the lessee-operator applies under this chapter; and

“(iv) there is a reasonable probability of accomplishing the objectives and  
repayment of the loan;

“(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited  
liability company, joint operation, or such other legal entity as the Secretary determines to

1 be appropriate, with respect to the entity and each farm in which the entity has an ownership  
2 or operator interest—

3 “(A) if—

4 “(i) a majority interest is held by individuals who are related by blood or  
5 marriage, as defined by the Secretary;

6 “(ii) all of the individuals are or propose to become owners or operators of a  
7 farm that is not larger than a family farm; and

8 “(iii) at least 1 of the individuals is or proposes to become an operator of the  
9 farm; or

10 “(B) if—

11 “(i) the entire interest is held by individuals who are related by blood or  
12 marriage, as defined by the Secretary;

13 “(ii) all of the individuals are or propose to become farm operators; and

14 “(iii) the ownership interest of each individual separately constitutes not larger  
15 than a family farm, even if the ownership interests of the individuals collectively  
16 constitute larger than a family farm;

17 “(4) in the case of an entity that is, or will become within a reasonable period of time, as  
18 determined by the Secretary, only the operator of a family farm, if the 1 or more individuals  
19 who are the owners of the family farm own—

20 “(A) a percentage of the family farm that exceeds 50 percent; or

21 “(B) such other percentage as the Secretary determines to be appropriate;

22 “(5) in the case of an operator described in paragraph (3) that is owned, in whole or in  
23 part, by 1 or more other entities, if each of the individuals that have a direct or indirect  
24 ownership interest in such other entities also have a direct ownership interest in the entity  
25 applying as an individual; and

26 “(6) if the farmer and each individual that holds a majority interest in the farmer is unable  
27 to obtain credit elsewhere.

28 “(c) Direct Loans.—

29 “(1) IN GENERAL.—Subject to paragraph ~~(3)~~(2), the Secretary may make a direct loan  
30 under this chapter only to a farmer who has ~~operated~~ **participated in business operations**  
31 **of** a farm for not less than 3 years (or has other acceptable experience for a period of time  
32 determined by the Secretary) and—

33 “(A) is a qualified beginning farmer;

34 “(B) has not received a previous direct farm ownership loan made under this  
35 chapter; or

36 “(C) has not received a direct farm ownership loan under this chapter more than 10  
37 years before the date on which the new loan would be made.

38 “(2) YOUTH LOANS.—The operation of an enterprise by a youth under section 3201(d)

1 shall not be considered the operation of a farm for purposes of paragraph (1).

## 2 “SEC. 3102. PURPOSES OF LOANS.

3 “(a) Allowed Purposes.—

4 “(1) DIRECT LOANS.—A farmer may use a direct loan made under this chapter only—

5 “(A) to acquire or enlarge a farm;

6 “(B) to make capital improvements to a farm;

7 “(C) to pay loan closing costs related to acquiring, enlarging, or improving a farm;

8 “(D) to pay for activities to promote soil and water conservation and protection  
9 described in section 3103 on a farm; or

10 “(E) to refinance a temporary bridge loan made by a commercial or cooperative  
11 lender to a farmer or rancher for the acquisition of land for a farm or ranch, if—

12 “(i) the Secretary approved an application for a direct farm ownership loan to  
13 the farmer or rancher for acquisition of the land; and

14 “(ii) funds for direct farm ownership loans under section 3201(a) were not  
15 available at the time at which the application was approved.

16 “(2) GUARANTEED LOANS.—A farmer may use a loan guaranteed under this chapter  
17 only—

18 “(A) to acquire or enlarge a farm;

19 “(B) to make capital improvements to a farm;

20 “(C) to pay loan closing costs related to acquiring, enlarging, or improving a farm;

21 “(D) to pay for activities to promote soil and water conservation and protection  
22 described in section 3103 on a farm; or

23 “(E) to refinance indebtedness.

24 “(b) Preferences.—In making or guaranteeing a loan under this chapter for purchase of a farm,  
25 the Secretary shall give preference to a person who—

26 “(1) has a dependent family;

27 “(2) to the extent practicable, is able to make an initial down payment on the farm; or

28 “(3) is an owner of livestock or farm equipment that is necessary to successfully carry out  
29 farming operations.

30 “(c) Hazard Insurance Requirement.—The Secretary may not make a loan to a farmer under  
31 this chapter unless the farmer has, or agrees to obtain, hazard insurance on any real property to  
32 be acquired or improved with the loan.

## 33 “SEC. 3103. CONSERVATION LOAN AND LOAN 34 GUARANTEE PROGRAM.

35 “(a) In General.—The Secretary may make or guarantee qualified conservation loans to

1 eligible borrowers under this section.

2 “(b) Definitions.—In this section:

3 “(1) CONSERVATION PLAN.—The term ‘conservation plan’ means a plan, approved by the  
4 Secretary, that, for a farming operation, identifies the conservation activities that will be  
5 addressed with loan funds provided under this section, including—

6 “(A) the installation of conservation structures to address soil, water, and related  
7 resources;

8 “(B) the establishment of forest cover for sustained yield timber management,  
9 erosion control, or shelter belt purposes;

10 “(C) the installation of water conservation measures;

11 “(D) the installation of waste management systems;

12 “(E) the establishment or improvement of permanent pasture;

13 “(F) compliance with section 1212 of the Food Security Act of 1985 (16 U.S.C.  
14 3812); and

15 “(G) other purposes consistent with the plan, including the adoption of any other  
16 emerging or existing conservation practices, techniques, or technologies approved by  
17 the Secretary.

18 “(2) QUALIFIED CONSERVATION LOAN.—The term ‘qualified conservation loan’ means a  
19 loan, the proceeds of which are used to cover the costs to the borrower of carrying out a  
20 qualified conservation project.

21 “(3) QUALIFIED CONSERVATION PROJECT.—The term ‘qualified conservation project’  
22 means conservation measures that address provisions of a conservation plan of the eligible  
23 borrower.

24 “(c) Eligibility.—

25 “(1) IN GENERAL.—The Secretary may make or guarantee loans to farmers.

26 “(2) REQUIREMENTS.—To be eligible for a loan under this section, applicants shall meet  
27 the **citizenship and training and experience** requirements of section 3101(b).

28 “(d) Priority.—In making or guaranteeing loans under this section, the Secretary shall give  
29 priority to—

30 “(1) qualified beginning farmers and socially disadvantaged farmers or ranchers;

31 “(2) owners or tenants who use the loans to convert to sustainable or organic agricultural  
32 production systems; and

33 “(3) producers who use the loans to build conservation structures or establish  
34 conservation practices to comply with section 1212 of the Food Security Act of 1985 (16  
35 U.S.C. 3812).

36 “(e) Limitations Applicable to Loan Guarantees.—The portion of a loan that the Secretary  
37 may guarantee under this section shall not exceed 75 percent of the principal amount of the loan.

38 “(f) Administrative Provisions.—The Secretary shall ensure, to the maximum extent

1 practicable, that loans made or guaranteed under this section are distributed across diverse  
2 geographic regions.

3 “(g) Credit Eligibility.—The provisions of paragraphs (1) and (3) of section 3406(a) shall not  
4 apply to loans made or guaranteed under this section.

5 “(h) Authorization of Appropriations.—For each of fiscal years 2012 through 2017, there are  
6 authorized to be appropriated to the Secretary such sums as are necessary to carry out this  
7 section.

## 8 “SEC. 3104. LOAN MAXIMUMS.

9 “(a) Maximum.—

10 “(1) IN GENERAL.—The Secretary shall make or ~~insure~~ **guarantee** no loan under sections  
11 3101, 3102, 3103, 3106, and 3107 that would cause the unpaid indebtedness under those  
12 sections of any 1 borrower to exceed the lesser of—

13 “(A) the value of the farm or other security, or

14 “(B)(i) in the case of a loan made by the Secretary, \$300,000; or

15 “(ii) in the case of a loan guaranteed by the Secretary, \$700,000 (as modified under  
16 paragraph (2)).

17 “(2) MODIFICATION.—The amount specified in paragraph (1)(B)(ii) shall be—

18 “(A) increased, beginning with fiscal year 2000, by the inflation percentage  
19 applicable to the fiscal year in which the loan is guaranteed; and

20 “(B) reduced by the amount of any unpaid indebtedness of the borrower on loans  
21 under ~~sub~~**title B chapter 2** that are guaranteed by the Secretary.

22 “(b) Determination of Value.—In determining the value of the farm, the Secretary shall  
23 consider appraisals made by competent appraisers under rules established by the Secretary.

24 “(c) Inflation Percentage.—For purposes of this section, the inflation percentage applicable to  
25 a fiscal year is the percentage (if any) by which—

26 “(1) the average of the Prices Paid By Farmers Index (as compiled by the National  
27 Agricultural Statistics Service of the Department) for the 12-month period ending on  
28 August 31 of the immediately preceding fiscal year; exceeds

29 “(2) the average of that index (as so defined) for the 12-month period ending on August  
30 31, 1996.

## 31 “SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM 32 OWNERSHIP LOANS.

33 “(a) Period for Repayment.—The period for repayment of a loan under this chapter shall not  
34 exceed 40 years.

35 “(b) Interest Rates.—

36 “(1) IN GENERAL.—Except as otherwise provided in this title, the interest rate on a loan  
37 under this chapter shall be determined by the Secretary at a rate—

1           “(A) not to exceed the sum obtained by adding—  
2                 “(i) the current average market yield on outstanding marketable obligations of  
3                 the United States with remaining periods to maturity comparable to the average  
4                 maturity of the loan; and  
5                 “(ii) an amount not to exceed 1 percent, as determined by the Secretary; and  
6           “(B) adjusted to the nearest  $\frac{1}{8}$  of 1 percent.

7           “(2) LOW INCOME FARM OWNERSHIP LOANS.—Except as provided in paragraph (3), the  
8           interest rate on a loan (other than a guaranteed loan) under section 3106 shall be determined  
9           by the Secretary at a rate that is—

10           “(A) not greater than the sum obtained by adding—  
11                 “(i) an amount that does not exceed  $\frac{1}{2}$  of the current average market yield on  
12                 outstanding marketable obligations of the United States with maturities of 5 years;  
13                 and  
14                 “(ii) an amount not to exceed 1 percent per year, as the Secretary determines is  
15                 appropriate; and  
16           “(B) not less than 5 percent per year.

17           “(3) JOINT FINANCING ARRANGEMENT.—If a direct farm ownership loan is made under  
18           this chapter as part of a joint financing arrangement and the amount of the direct farm  
19           ownership loan does not exceed 50 percent of the total principal amount financed under the  
20           arrangement, the interest rate on the direct farm ownership loan shall be at least 4 percent  
21           annually.

22           “(4) GUARANTEED LOANS.—The interest rate on a loan made under this chapter as a  
23           guaranteed loan shall be such rate as may be agreed on by the borrower and the lender, but  
24           not in excess of any rate determined by the Secretary.

25           “(c) Payment of Charges.—A borrower of a loan made or guaranteed under this chapter shall  
26           pay such fees and other charges as the Secretary may require, and prepay to the Secretary such  
27           taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary  
28           may prescribe.

29           “(d) Security.—

30                 “(1) IN GENERAL.—The Secretary shall take as security for an obligation entered into in  
31                 connection with a loan, a mortgage on a farm with respect to which the loan is made or such  
32                 other security as the Secretary may require.

33                 “(2) LIENS TO UNITED STATES.—An instrument for security under paragraph (1) may  
34                 constitute a lien running to the United States notwithstanding the fact that the note for the  
35                 security may be held by a lender other than the United States.

36                 “(3) MULTIPLE LOANS.—A borrower may use the same collateral to secure 2 or more  
37                 loans made or guaranteed under this chapter, except that the outstanding amount of the  
38                 loans may not exceed the total value of the collateral.

39           “(e) Mineral Rights as Collateral.—

1           “(1) IN GENERAL.—In the case of a farm ownership loan made after December 23, 1985,  
2 unless appraised values of the rights to oil, gas, or other minerals are specifically included  
3 as part of the appraised value of collateral securing the loan, the rights to oil, gas, or other  
4 minerals located under the property shall not be considered part of the collateral securing  
5 the loan.

6           “(2) COMPENSATORY PAYMENTS.—Nothing in this subsection prevents the inclusion of,  
7 as part of the collateral securing the loan, any payment or other compensation the borrower  
8 may receive for damages to the surface of the collateral real estate resulting from the  
9 exploration for or recovery of minerals.

10          “(f) Additional Collateral.—The Secretary may not—

11           “(1) require any borrower to provide additional collateral to secure a farmer program loan  
12 made or guaranteed under this ~~chapter~~ **sub**title, if the borrower is current in the payment of  
13 principal and interest on the loan; or

14           “(2) bring any action to foreclose, or otherwise liquidate, the loan as a result of the failure  
15 of a borrower to provide additional collateral to secure the loan, if the borrower was current  
16 in the payment of principal and interest on the loan at the time the additional collateral was  
17 requested.

## 18          “SEC. 3106. LIMITED-RESOURCE LOANS.

19          “(a) In General.—The Secretary may make or guarantee a limited-resource loan for any of the  
20 purposes specified in sections 3102(a) or 3103(a) to a farmer in the United States who—

21           “(1) **is in the case of an entity, all members, stockholders, or partners are** eligible  
22 under section 3101(b);

23           “(2) has a low income; and

24           “(3) demonstrates a need to maximize the income of the farmer from farming operations.

25          “(b) Installments.—A loan made or guaranteed under this section shall be repayable in such  
26 installments as the Secretary determines will provide for reduced payments during the initial  
27 repayment period of the loan and larger payments during the remainder of the repayment period  
28 of the loan.

29          “(c) Interest Rates.—Except as provided in section 3105(b)(3) and in section 3204(b)(3), the  
30 interest rate on loans (other than guaranteed loans) under this section shall not be—

31           “(1) greater than the sum obtained by adding—

32                   “(A) an amount that does not exceed  $\frac{1}{2}$  of the current average market yield on  
33 outstanding marketable obligations of the United States with maturities of 5 years; and

34                   “(B) an amount not exceeding 1 percent per year, as the Secretary determines is  
35 appropriate; or

36           “(2) less than 5 percent per year.

## 37          “SEC. 3107. DOWNPAYMENT LOAN PROGRAM.

38          “(a) In General.—

1           “(1) ESTABLISHMENT.—Notwithstanding any other provision of this chapter, the  
2 Secretary shall establish, under the farm ownership loan program established under this  
3 chapter, a program under which loans shall be made under this section to a qualified  
4 beginning farmer for a downpayment on a farm ownership loan.

5           “(2) COORDINATION.—The Secretary shall be the primary coordinator of credit  
6 supervision for the downpayment loan program established under this section, in  
7 consultation with a commercial or cooperative lender and, if applicable, a contracting credit  
8 counseling service selected under section 3420(c).

9           “(b) Loan Terms.—

10           “(1) PRINCIPAL.—Each loan made under this section shall be in an amount that does not  
11 exceed 45 percent of the lesser of—

12                   “(A) the purchase price of the farm or ranch to be acquired;

13                   “(B) the appraised value of the farm or ranch to be acquired; or

14                   “(C) \$667,000.

15           “(2) INTEREST RATE.—The interest rate on any loan made by the Secretary under this  
16 section shall be a rate equal to the greater of—

17                   “(A) the difference between—

18                           “(i) 4 percent; and

19                           “(ii) the interest rate for farm ownership loans under this chapter; or

20                   “(B) 1.5 percent.

21           “(3) DURATION.—Each loan under this section shall be made for a period of 20 years or  
22 less, at the option of the borrower.

23           “(4) REPAYMENT.—Each borrower of a loan under this section shall repay the loan to the  
24 Secretary in equal annual installments.

25           “(5) NATURE OF RETAINED SECURITY INTEREST.—The Secretary shall retain an interest in  
26 each farm acquired with a loan made under this section that shall—

27                   “(A) be secured by the farm;

28                   “(B) be junior only to such interests in the farm as may be conveyed at the time of  
29 acquisition to the person (including a lender) from whom the borrower obtained a loan  
30 used to acquire the farm; and

31                   “(C) require the borrower to obtain the permission of the Secretary before the  
32 borrower may grant an additional security interest in the farm.

33           “(c) Limitations.—

34           “(1) BORROWERS REQUIRED TO MAKE MINIMUM DOWN PAYMENT.—The Secretary shall  
35 not make a loan under this section to any borrower with respect to a farm if the contribution  
36 of the borrower to the down payment on the farm will be less than 5 percent of the purchase  
37 price of the farm.

38           “(2) PROHIBITED TYPES OF FINANCING.—The Secretary shall not make a loan under this

1 section with respect to a farm if the farm is to be acquired with other financing that contains  
2 any of the following conditions:

3 “(A) The financing is to be amortized over a period of less than 30 years.

4 “(B) A balloon payment will be due on the financing during the 20-year period  
5 beginning on the date on which the loan is to be made by the Secretary.

6 “(d) Administration.—In carrying out this section, the Secretary shall, to the maximum extent  
7 practicable—

8 “(1) facilitate the transfer of farms from retiring farmers to persons eligible for insured  
9 loans under this subtitle;

10 “(2) make efforts to widely publicize the availability of loans under this section among—

11 “(A) potentially eligible recipients of the loans;

12 “(B) retiring farmers; and

13 “(C) applicants for farm ownership loans under this chapter;

14 “(3) encourage retiring farmers to assist in the sale of their farms to qualified beginning  
15 farmers and socially disadvantaged farmers providing seller financing;

16 “(4) coordinate the loan program established by this section with State programs that  
17 provide farm ownership or operating loans for beginning farmers or socially disadvantaged  
18 farmers; and

19 “(5) establish annual performance goals to promote the use of the down payment loan  
20 program and other joint financing arrangements as the preferred choice for direct real estate  
21 loans made by any lender to a qualified beginning farmer or socially disadvantaged farmer.

22 **“SEC. 3108. BEGINNING FARMER OR RANCHER AND**  
23 **SOCIALLY DISADVANTAGED FARMER OR RANCHER**  
24 **CONTRACT LAND SALES PROGRAM.**

25 “(a) In General.—The Secretary shall, in accordance with this section, guarantee a loan made  
26 by a private seller of a farm or ranch to a qualified beginning farmer or rancher or socially  
27 disadvantaged farmer or rancher on a contract land sales basis.

28 “(b) Eligibility.—To be eligible for a loan guarantee under subsection (a)—

29 “(1) the qualified beginning farmer or rancher or socially disadvantaged farmer or  
30 rancher shall—

31 “(A) on the date the contract land sale that is subject of the loan is complete, own  
32 and operate the farm or ranch that is the subject of the contract land sale;

33 “(B) have a credit history that—

34 “(i) includes a record of satisfactory debt repayment, as determined by the  
35 Secretary; and

36 “(ii) is acceptable to the Secretary; and

1           “(C) demonstrate to the Secretary that the farmer or rancher, as applicable, is unable  
2           to obtain sufficient credit without a guarantee to finance any actual need of the farmer  
3           or rancher, as applicable, at a reasonable rate or term; and

4           “(2) the loan shall meet applicable underwriting criteria, as determined by the Secretary.

5           “(c) Limitations.—The Secretary shall not provide a loan guarantee under subsection (a) if—

6           “(1) the contribution of the qualified beginning farmer or rancher or socially  
7           disadvantaged farmer or rancher to the down payment for the farm or ranch that is the  
8           subject of the contract land sale would be less than 5 percent of the purchase price of the  
9           farm or ranch; or

10          “(2) the purchase price or the appraisal value of the farm or ranch that is the subject of the  
11          contract land sale is greater than \$500,000.

12          “(d) Period of Guarantee.—A loan guarantee under this section shall be in effect for the  
13          10-year period beginning on the date on which the guarantee is provided.

14          “(e) Guarantee Plan.—

15               “(1) SELECTION OF PLAN.—A private seller of a farm or ranch who makes a loan  
16               guaranteed by the Secretary under subsection (a) may select—

17                   “(A) a prompt payment guarantee plan, which shall cover—

18                           “(i) 3 amortized annual installments; or

19                           “(ii) an amount equal to 3 annual installments (including an amount equal to  
20                           the total cost of any tax and insurance incurred during the period covered by the  
21                           annual installments); or

22                   “(B) a standard guarantee plan, which shall cover an amount equal to 90 percent of  
23                   the outstanding principal of the loan.

24               “(2) ELIGIBILITY FOR STANDARD GUARANTEE PLAN.—To be eligible for a standard  
25               guarantee plan referred to in paragraph (1)(B), a private seller shall—

26                   “(A) secure a commercial lending institution or similar entity, as determined by the  
27                   Secretary, to serve as an escrow agent; or

28                   “(B) in cooperation with the farmer or rancher, use an appropriate alternate  
29                   arrangement, as determined by the Secretary.

## 30   “CHAPTER 2—OPERATING LOANS

### 31   “SEC. 3201. OPERATING LOANS.

32          “(a) In General.—The Secretary may make or guarantee an operating loan under this chapter  
33          to an eligible farmer in the United States.

34          “(b) Eligibility.—A farmer shall be eligible under subsection (a) only—

35               “(1) if the farmer, or an individual holding a majority interest in the farmer—

36                   “(A) is a citizen of the United States; and

1           “(B) has training or farming experience that the Secretary determines is sufficient to  
2           ensure a reasonable prospect of success in the farming operation proposed by the  
3           farmer;

4           “(2) in the case of a farmer that is an individual, if the farmer is or proposes to become an  
5           operator of a farm that is not larger than a family farm;

6           “(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited  
7           liability company, joint operation, or other such legal entity as the Secretary determines to  
8           be appropriate, with respect to the entity and each farm in which the entity has an ownership  
9           or operator interest—

10           “(A) if—

11                   “(i) a majority interest is held by individuals who are related by blood or  
12                   marriage, as defined by the Secretary;

13                   “(ii) all of the individuals are or propose to become owners or operators of a  
14                   farm that is not larger than a family farm; and

15                   “(iii) at least 1 of the individuals is or proposes to become an operator of the  
16                   farm; or

17           “(B) if—

18                   “(i) the entire interest is held by individuals who are related by blood or  
19                   marriage, as defined by the Secretary;

20                   “(ii) all of the individuals are or propose to become farm operators; and

21                   “(iii) the ownership interest of each individual separately constitutes not larger  
22                   than a family farm, even if the ownership interests of the individuals collectively  
23                   constitute larger than a family farm;

24           “(4) in the case of an operator described in paragraph (3) that is owned, in whole or in  
25           part by 1 or more other entities, if not less than 75 percent of the ownership interests of each  
26           other entity is owned directly or indirectly by 1 or more individuals who own the family  
27           farm; and

28           “(5) if the farmer and each individual that holds a majority interest in the farmer is unable  
29           to obtain credit elsewhere.

30           “(c) Direct Loans.—

31           “(1) IN GENERAL.—Subject to paragraph (3), the Secretary may make a direct loan under  
32           this chapter only to a farmer who—

33                   “(A) is a qualified beginning farmer ~~who has not operated a farm, or who has~~  
34                   ~~operated a farm for not more than 5 years;~~

35                   “(B) has not received a previous direct operating loan made under this chapter; or

36                   “(C) has not received a direct operating loan made under this ~~sub~~**title chapter** for a  
37                   total of 7 years, less 1 year for every 3 consecutive years the farmer or rancher did not  
38                   receive a direct operating loan after the year in which the borrower initially received a  
39                   direct operating loan under this ~~sub~~**title chapter**, as determined by the Secretary.

1           “(2) YOUTH LOANS.—In this subsection, the term ‘direct operating loan’ shall not include  
2 a loan made to a youth under subsection (d).

3           “(3) TRANSITION RULE.—If, as of April 4, 1996, a farmer has received a direct operating  
4 loan under this chapter during each of 4 or more previous years, the borrower shall be  
5 eligible to receive a direct operating loan under this chapter during 3 additional years after  
6 April 4, 1996.

7           “(4) WAIVERS.—

8               “(A) FARM ~~AND RANCH~~ OPERATIONS ON TRIBAL LAND.—The Secretary shall waive  
9 the limitation under paragraph (1)(C) or (3) for a direct loan made under this chapter to  
10 a farmer ~~or rancher~~ whose farm ~~or ranch~~ land is subject to the jurisdiction of an Indian  
11 tribe and whose loan is secured by 1 or more security instruments that are subject to  
12 the jurisdiction of an Indian tribe if the Secretary determines that commercial credit is  
13 not generally available for such farm ~~or ranch~~ operations.

14               “(B) OTHER FARM ~~AND RANCH~~ OPERATIONS.—On a case-by-case determination not  
15 subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time  
16 only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct  
17 operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

18                   “(i) the borrower has a viable farm ~~or ranch~~ operation;

19                   “(ii) the borrower applied for commercial credit from at least 2 commercial  
20 lenders;

21                   “(iii) the borrower was unable to obtain a commercial loan (including a loan  
22 guaranteed by the Secretary); and

23                   “(iv) the borrower successfully has completed, or will complete within 1 year,  
24 borrower training under section 3419 (from which requirement the Secretary shall  
25 not grant a waiver under section 3419(f)).

26           “(d) Youth Loans.—

27               “(1) IN GENERAL.—Notwithstanding subsection (b), **except for citizenship and credit**  
28 **requirements**, a loan may be made under this chapter to a youth who is a rural resident to  
29 enable the youth to operate an enterprise in connection with the participation in a youth  
30 organization, as determined by the Secretary.

31               “(2) FULL PERSONAL LIABILITY.—A youth receiving a loan under this subsection who  
32 executes a promissory note for the loan shall incur full personal liability for the  
33 indebtedness evidenced by the note, in accordance with the terms of the note, free of any  
34 disability of minority.

35               “(3) COSIGNER.—The Secretary may accept the personal liability of a cosigner of a  
36 promissory note for a loan under this subsection, in addition to the personal liability of the  
37 youth borrower.

38               “(4) YOUTH ENTERPRISES NOT FARMING.—The operation of an enterprise by a youth  
39 under this subsection shall not be considered the operation of a farm under this subtitle.

40           **“SEC. 3202. PURPOSES OF LOANS.**

- 1       “(a) Direct Loans.—A direct loan may be made under this chapter only—
- 2               “(1) to pay the costs incident to reorganizing a farm for more profitable operation;
- 3               “(2) to purchase livestock, poultry, or farm equipment;
- 4               “(3) to purchase feed, seed, fertilizer, insecticide, or farm supplies, or to meet other
- 5               essential farm operating expenses, including cash rent;
- 6               “(4) to finance land or water development, use, or conservation;
- 7               “(5) to pay loan closing costs;
- 8               “(6) to assist a farmer in changing the equipment, facilities, or methods of operation of a
- 9               farm to comply with a standard promulgated under section 6 of the Occupational Safety and
- 10              Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved
- 11              under section 18 of that Act (29 U.S.C. 667), if the Secretary determines that without
- 12              assistance under this paragraph the farmer is likely to suffer substantial economic injury in
- 13              complying with the standard;
- 14              “(7) to train a limited-resource borrower receiving a loan under section 3106 in
- 15              maintaining records of farming operations;
- 16              “(8) to train a borrower under section 3419;
- 17              “(9) to refinance the indebtedness of a borrower, if the borrower—
- 18                      “(A) has refinanced a loan under this chapter not more than 4 times previously; and
- 19                      “(B)(i) is a direct loan borrower under this title at the time of the refinancing and has
- 20                      suffered a qualifying loss because of a natural or major disaster or emergency; or
- 21                      “(ii) is refinancing a debt obtained from a creditor other than the Secretary; or
- 22              “(10) to provide other farm or home needs, including family subsistence.
- 23       “(b) Guaranteed Loans.—A loan may be guaranteed under this chapter only—
- 24               “(1) to pay the costs incident to reorganizing a farm for more profitable operation;
- 25               “(2) to purchase livestock, poultry, or farm equipment;
- 26               “(3) to purchase feed, seed, fertilizer, insecticide, or farm supplies, or to meet other
- 27               essential farm operating expenses, including cash rent;
- 28               “(4) to finance land or water development, use, or conservation;
- 29               “(5) to refinance indebtedness;
- 30               “(6) to pay loan closing costs;
- 31               “(7) to assist a farmer in changing the equipment, facilities, or methods of operation of a
- 32               farm to comply with a standard promulgated under section 6 of the Occupational Safety and
- 33               Health Act of 1970 (29 U.S.C. 655) or a standard adopted by a State under a plan approved
- 34               under section 18 of that Act (29 U.S.C. 667), if the Secretary determines that without
- 35               assistance under this paragraph the farmer is likely to suffer substantial economic injury due
- 36               to compliance with the standard;
- 37               “(8) to train a borrower under section 3419; or

1           “(9) to provide other farm or home needs, including family subsistence.

2           “(c) Hazard Insurance Requirement.—The Secretary may not make a loan to a farmer under  
3 this chapter unless the farmer has, or agrees to obtain, hazard insurance on the property to be  
4 acquired with the loan.

5           “(d) Private Reserve.—

6           “(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may  
7 reserve a portion of any loan made under this chapter to be placed in an unsupervised bank  
8 account that may be used at the discretion of the borrower for the basic family needs of the  
9 borrower and the immediate family of the borrower.

10           “(2) LIMIT ON SIZE OF THE RESERVE.—The size of the reserve shall not exceed the lesser  
11 of—

12           “(A) 10 percent of the loan;

13           “(B) \$5,000; or

14           “(C) the amount needed to provide for the basic family needs of the borrower and  
15 the immediate family of the borrower for 3 calendar months.

## 16   “SEC. 3203. RESTRICTIONS ON LOANS.

17           “(a) Requirements.—

18           “(1) IN GENERAL.—The Secretary may not make or guarantee a loan under this chapter—

19           “(A) that would cause the total principal indebtedness outstanding at any 1 time for  
20 loans made under this chapter to any 1 borrower to exceed—

21           “(i)(I) in the case of a loan made by the Secretary, \$300,000; or

22           “(II) in the case of a loan guaranteed by the Secretary, \$700,000 (as modified  
23 under paragraph (2)); or

24           “(B) for the purchasing or leasing of land other than for cash rent, or for carrying on  
25 a land leasing or land purchasing program.

26           “(2) MODIFICATION.—The amount specified in paragraph (1)(A)(ii) shall be—

27           “(A) increased, beginning with fiscal year 2000, by the inflation percentage  
28 applicable to the fiscal year in which the loan is guaranteed; and

29           “(B) reduced by the unpaid indebtedness of the borrower on loans under sections  
30 specified in section 3104 that are guaranteed by the Secretary.

31           “(b) Inflation Percentage.—For purposes of this section, the inflation percentage applicable to  
32 a fiscal year is the percentage (if any) by which—

33           “(1) the average of the Prices Paid By Farmers Index (as compiled by the National  
34 Agricultural Statistics Service of the Department) for the 12-month period ending on  
35 August 31 of the immediately preceding fiscal year; exceeds

36           “(2) the average of that index (as so defined) for the 12-month period ending on August  
37 31, 1996.

1 “SEC. 3204. TERMS OF LOANS.

2 “(a) Personal Liability.—A borrower of a loan made under this chapter shall secure the loan  
3 with the full personal liability of the borrower and such other security as the Secretary may  
4 prescribe.

5 “(b) Interest Rates.—

6 “(1) MAXIMUM RATE.—

7 “(A) IN GENERAL.—Except as provided in paragraphs (2) and (3), the interest rate on  
8 a loan made under this chapter (other than a guaranteed loan) shall be determined by  
9 the Secretary at a rate not to exceed the sum obtained by adding—

10 “(i) the current average market yield on outstanding marketable obligations of  
11 the United States with remaining periods to maturity comparable to the average  
12 maturity of the loan; and

13 “(ii) an additional charge not to exceed 1 percent, as determined by the  
14 Secretary.

15 “(B) ADJUSTMENT.—The sum obtained under subparagraph (A) shall be adjusted to  
16 the nearest  $\frac{1}{8}$  of 1 percent.

17 “(2) GUARANTEED LOAN.—The interest rate on a guaranteed loan made under this chapter  
18 shall be such rate as may be agreed on by the borrower and the lender, but may not exceed  
19 any rate prescribed by the Secretary.

20 “(3) LOW INCOME LOAN.—The interest rate on a direct loan made under this chapter to a  
21 low-income, limited-resource borrower shall be determined by the Secretary at a rate that is  
22 not—

23 “(A) greater than the sum obtained by adding—

24 “(i) an amount that does not exceed  $\frac{1}{2}$  of the current average market yield on  
25 outstanding marketable obligations of the United States with a maturity of 5  
26 years; and

27 “(ii) an amount not to exceed 1 percent per year, as the Secretary determines is  
28 appropriate; or

29 “(B) less than 5 percent per year.

30 “(c) Period for Repayment.—The period for repayment of a loan made under this chapter may  
31 not exceed 7 years.

32 “(d) Line-of-credit Loans.—

33 “(1) IN GENERAL.—A loan made or guaranteed by the Secretary under this chapter may  
34 be in the form of a line-of-credit loan.

35 “(2) TERM.—A line-of-credit loan under paragraph (1) shall terminate not later than 5  
36 years after the date that the loan is made or guaranteed.

37 “(3) ELIGIBILITY.—For purposes of determining eligibility for an operating loan under  
38 this chapter, each year during which a farmer takes an advance or draws on a line-of-credit

1 loan the farmer shall be considered as having received an operating loan for 1 year.

2 “(4) TERMINATION OF DELINQUENT LOANS.—If a borrower does not pay an installment on  
3 a line-of-credit loan on schedule, the borrower may not take an advance or draw on the  
4 line-of-credit, unless the Secretary determines that—

5 “(A) the failure of the borrower to pay on schedule was due to unusual conditions  
6 that the borrower could not control; and

7 “(B) the borrower will reduce the line-of-credit balance to the scheduled level at the  
8 end of—

9 “(i) the production cycle; or

10 “(ii) the marketing of the agricultural products of the borrower.

11 “(5) AGRICULTURAL COMMODITIES.—A line-of-credit loan may be used to finance the  
12 production or marketing of an agricultural commodity that is eligible for a price support  
13 program of the Department.

## 14 “CHAPTER 3—EMERGENCY LOANS

### 15 “SEC. 3301. EMERGENCY LOANS.

16 “(a) In General.—The Secretary shall make or guarantee an emergency loan under this chapter  
17 to an eligible farmer only to the extent and in such amounts as provided in advance in  
18 appropriation Acts.

19 “(b) Eligibility.—An established farmer shall be eligible under subsection (a) only—

20 “(1) if the farmer or an individual holding a majority interest in the farmer—

21 “(A) is a citizen of the United States; and

22 “(B) has experience and resources that the Secretary determines are sufficient to  
23 ensure a reasonable prospect of success in the farming operation proposed by the  
24 farmer;

25 “(2) in the case of a farmer that is an individual, if the farmer is—

26 “(A) in the case of a loan for a purpose under chapter 1, an owner, operator, or  
27 lessee-operator described in section 3101(b)(2); and

28 “(B) in the case of a loan for a purpose under chapter 2, an operator of a farm that is  
29 not larger than a family farm;

30 “(3) in the case of a farmer that is a cooperative, corporation, partnership, trust, limited  
31 liability company, joint operation, or such other legal entity as the Secretary determines to  
32 be appropriate, with respect to the entity and each farm in which the entity has an ownership  
33 or operator interest—

34 “(A) if—

35 “(i) a majority interest is held by individuals who are related by blood or  
36 marriage, as defined by the Secretary;

37 “(ii) all of the individuals are or propose to become owners or operators of a

- 1 farm that is not larger than a family farm; and
- 2 “(iii) at least 1 of the individuals is or proposes to become an operator of the  
3 farm; or
- 4 “(B) if—
- 5 “(i) the entire interest is held by individuals who are related by blood or  
6 marriage, as defined by the Secretary;
- 7 “(ii) all of the individuals are or propose to become farm operators; and
- 8 “(iii) the ownership interest of each individual separately constitutes not larger  
9 than a family farm, even if the ownership interests of the individuals collectively  
10 constitute larger than a family farm;
- 11 “(4) if the entity is owned, in whole or in part, by 1 or more other entities and each  
12 individual who is an owner of the family farm involved has a direct or indirect ownership  
13 interest in each of the other entities;
- 14 “(5) if the farmer and any individual that holds a majority interest in the farmer is unable  
15 to obtain credit elsewhere; and
- 16 “(6)(A) if the Secretary finds that the operations of the farmer have been substantially  
17 affected ~~by~~ by—
- 18 “(i) a natural or major disaster or emergency **designated by the President under**  
19 **the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C.**  
20 **5121 et seq.); or**
- 21 “(ii) **a quarantine imposed by the Secretary under the Plant Protection Act (7**  
22 **U.S.C. 7701 et seq.) or the Animal Health Protection Act (7 U.S.C. 8301 et seq.); or**
- 23 “(B) if the farmer conducts farming operations in a county or a county contiguous to a  
24 county in which the Secretary has found that farming operations have been substantially  
25 affected by a natural or major disaster or emergency.
- 26 “(c) Time for Accepting an Application.—The Secretary shall accept an application for a loan  
27 under this chapter from a farmer at any time during the 8-month period beginning on the date  
28 that—
- 29 “(1) the Secretary determines that farming operations of the farmer have been  
30 substantially affected by—
- 31 “(A) a quarantine imposed by the Secretary under the Plant Protection Act (7 U.S.C.  
32 7701 et seq.) or the Animal Health Protection Act (7 U.S.C. 8301 et seq.); or
- 33 “(B) a natural disaster; or
- 34 “(2) the President makes a major disaster or emergency designation with respect to the  
35 affected county of the farmer referred to in subsection (b)(5)(B).
- 36 “(d) Hazard Insurance Requirement.—The Secretary may not make a loan to a farmer under  
37 this chapter to cover a property loss unless the farmer had hazard insurance that insured the  
38 property at the time of the loss.
- 39 “(e) Family Farm.—The Secretary shall conduct the loan program under this chapter in a

1 manner that will foster and encourage the family farm system of agriculture, consistent with the  
2 reaffirmation of policy and declaration of the intent of Congress contained in section 102(a) of  
3 the Food and Agriculture Act of 1977 (7 U.S.C. 2266(a)).

#### 4 “SEC. 3302. PURPOSES OF LOANS.

5 “Subject to the limitations on the amounts of loans provided in section 3303(a), a loan may be  
6 made or guaranteed under this chapter for—

7 “(1) any purpose authorized for a loan under chapter 1 or 2; and

8 “(2) crop or livestock purposes that are—

9 “(A) necessitated by a quarantine, natural disaster, major disaster, or emergency; and

10 “(B) considered desirable by the farmer.

#### 11 “SEC. 3303. TERMS OF LOANS.

12 “(a) Maximum Amount of Loan.—The Secretary may not make or guarantee a loan under this  
13 chapter to a borrower who has suffered a loss in an amount that—

14 “(1) exceeds the actual loss caused by a disaster; or

15 “(2) would cause the total indebtedness of the borrower under this chapter to exceed  
16 \$500,000.

17 “(b) Interest Rates.—Any portion of a loan under this chapter up to the amount of the actual  
18 loss suffered by a farmer caused by a disaster shall be at a rate prescribed by the Secretary, but  
19 not in excess of 8 percent per annum.

20 “(c) Interest Subsidies for Guaranteed Loans.—In the case of a guaranteed loan under this  
21 chapter, the Secretary may pay an interest subsidy to the lender for any portion of the loan up to  
22 the amount of the actual loss suffered by a farmer caused by a disaster.

23 “(d) Time for Repayment.—

24 “(1) IN GENERAL.—Subject to paragraph (2), a loan under this chapter shall be repayable  
25 at such times as the Secretary may determine, considering the purpose of the loan and the  
26 nature and effect of the disaster, but not later than the maximum repayment period allowed  
27 for a loan for a similar purpose under chapters 1 and 2.

28 “(2) EXTENDED REPAYMENT PERIOD.—The Secretary may, if the loan is for a purpose  
29 described in chapter 2 and the Secretary determines that the need of the loan applicant  
30 justifies the longer repayment period, make the loan repayable at the end of a period of  
31 more than 7 years, but not more than 20 years.

32 “(e) Security for Loan.—

33 “(1) IN GENERAL.—A borrower of a loan made under this chapter shall secure the loan  
34 with the full personal liability of the borrower and such other security as the Secretary may  
35 prescribe.

36 “(2) ADEQUATE SECURITY.—Subject to paragraph (3), the Secretary may not make or  
37 guarantee a loan under this chapter unless the security for the loan is adequate to ensure  
38 repayment of the loan.

1           “(3) INADEQUATE SECURITY DUE TO DISASTER.—If adequate security for a loan under this  
2 chapter is not available because of a disaster, the Secretary shall accept as security any  
3 collateral that is available if the Secretary is confident that the collateral and the repayment  
4 ability of the farmer are adequate security for the loan.

5           “(4) VALUATION OF FARM ASSETS.—If a farm asset (including land, livestock, or  
6 equipment) is used as collateral to secure a loan applied for under this chapter and the  
7 governor of the State in which the farm is located requests assistance under this chapter or  
8 the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et  
9 seq.) for the portion of the State in which the asset is located, the Secretary shall establish  
10 the value of the asset as of the day before the occurrence of the natural or major disaster or  
11 emergency.

12           “(f) Review of Loan.—

13           “(1) IN GENERAL.—In the case of a loan made, but not guaranteed, under section 3301,  
14 the Secretary shall review the loan 3 years after the loan is made, and every 2 years  
15 thereafter for the term of the loan.

16           “(2) TERMINATION OF FEDERAL ASSISTANCE.—If, based on a review under paragraph (1),  
17 the Secretary determines that the borrower is able to obtain a loan from a non-Federal  
18 source at reasonable rates and terms, the borrower shall, on request by the Secretary, apply  
19 for, and accept, a non-Federal loan in a sufficient amount to repay the Secretary.

## 20   “SEC. 3304. PRODUCTION LOSSES.

21           “(a) In General.—The Secretary shall make or guarantee a loan under this chapter to an  
22 eligible farmer **for production losses** if a single enterprise that constitutes a basic part of the  
23 farming operation of the farmer has sustained at least a 30 percent loss in normal per acre or per  
24 animal production, or such lesser percentage as the Secretary may determine, as a result of a  
25 disaster.

26           “(b) Basis for Percentage.—A percentage loss under subsection (a) shall be based on the  
27 average monthly price in effect for the previous crop or calendar year, as appropriate.

28           “(c) Amount of Loan.—A loan under subsection (a) shall be in an amount that is equal to 80  
29 percent, or such greater percentage as the Secretary may determine, of the total calculated actual  
30 production loss sustained by the farmer.

## 31   “CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

### 32   “SEC. 3401. AGRICULTURAL CREDIT INSURANCE 33   FUND.

34           “The fund established pursuant to section 11(a) of the Bankhead-Jones Farm Tenant Act (60  
35 Stat. 1075, chapter 964) shall be known as the Agricultural Credit Insurance Fund (referred to in  
36 this section as the ‘Fund’, unless the context otherwise requires) for the discharge of the  
37 obligations of the Secretary under agreements insuring loans under this subtitle and loans and  
38 mortgages insured under prior authority.

### 39   “SEC. 3402. GUARANTEED FARMER LOANS.

1 “(a) In General.—The Secretary may provide financial assistance to a borrower for a purpose  
2 provided in this subtitle by guaranteeing a loan made by any Federal or State chartered bank,  
3 savings and loan association, cooperative lending agency, or other legally organized lending  
4 agency.

5 “(b) Interest Rate.—The interest rate payable by a borrower on the portion of a guaranteed  
6 loan that is sold by a lender to the secondary market under this subtitle may be lower than the  
7 interest rate charged on the portion retained by the lender, but shall not exceed the average  
8 interest rate charged by the lender on loans made to farm borrowers.

9 “(c) Fees.—In the case of a loan guarantee on a loan made by a commercial or cooperative  
10 lender related to a loan made by the Secretary under section 3107—

11 “(1) the Secretary shall not charge a fee to any person (including a lender); and

12 “(2) a lender may charge a loan origination and servicing fee in an amount not to exceed  
13 1 percent of the amount of the loan.

14 “(d) Maximum Guarantee of 90 Percent.—Except as provided in subsections (e) and (f), a loan  
15 guarantee under this subtitle shall be for not more than 90 percent of the principal and interest  
16 due on the loan.

17 “(e) Refinanced Loans Guaranteed at 95 Percent.—The Secretary shall guarantee 95 percent  
18 of—

19 “(1) in the case of a loan that solely refinances a direct loan made under this subtitle, the  
20 principal and interest due on the loan on the date of the refinancing; or

21 “(2) in the case of a loan that is used for multiple purposes, the portion of the loan that  
22 refinances the principal and interest due on a direct loan made under this subtitle that is  
23 outstanding on the date the loan is guaranteed.

24 “(f) Beginning Farmer Loans Guaranteed up to 95 Percent.—The Secretary may guarantee not  
25 more than 95 percent of—

26 “(1) a farm ownership loan for acquiring a farm to a borrower who is participating in the  
27 downpayment loan program under section 3107; or

28 “(2) an operating loan to a borrower who is participating in the downpayment loan  
29 program under section 3107 that is made during the period that the borrower has a direct  
30 loan outstanding under chapter 1 for acquiring a farm.

31 “(g) Guarantee of Loans Made Under State Beginning Farmer Programs.—The Secretary may  
32 guarantee under this subtitle a loan made under a State beginning farmer program, including a  
33 loan financed by the net proceeds of a qualified small issue agricultural bond for land or property  
34 described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

## 35 “SEC. 3403. PROVISION OF INFORMATION TO 36 BORROWERS.

37 “(a) In General.—On the request of a borrower, the Secretary shall make available to the  
38 borrower—

39 “(1) a copy of each document signed by the borrower;

1           “(2) a copy of each appraisal performed with respect to the loan; and

2           “(3) any document that the Secretary is required to provide to the borrower under any law  
3           in effect on the date of the request.

4           “(b) Rule of Construction.—Subsection (a) shall not supersede any duty imposed on the  
5           Secretary by a law in effect on January 5, 1988, unless the duty directly conflicts with a duty  
6           under subsection (a).

## 7   **“SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

8           “(a) Requirement.—The Secretary shall provide notice by certified mail to each borrower who  
9           is at least 90 days past due on the payment of principal or interest on a loan made or guaranteed  
10          under this subtitle.

11          “(b) Contents.—The notice required under subsection (a) shall—

12           “(1) include a summary of all primary loan service programs, homestead retention  
13           programs, debt settlement programs, and appeal procedures, including the eligibility  
14           criteria, and terms and conditions of the programs and procedures;

15           “(2) include a summary of the manner in which the borrower may apply, and be  
16           considered, for all such programs, except that the Secretary shall not require the borrower to  
17           select among the programs or waive any right to be considered for any program carried out  
18           by the Secretary;

19           “(3) advise the borrower regarding all filing requirements and any deadlines that must be  
20           met for requesting loan servicing;

21           “(4) provide any relevant forms, including applicable response forms;

22           “(5) advise the borrower that a copy of regulations is available on request; and

23           “(6) be designed to be readable and understandable by the borrower.

24          “(c) Contained in Regulations.—All notices required by this section shall be contained in the  
25          regulations issued to carry out this title.

26          “(d) Timing.—The notice described in subsection (b) shall be provided—

27           “(1) at the time an application is made for participation in a loan service program;

28           “(2) on written request of the borrower; and

29           “(3) before the earliest of the date of—

30           “(A) initiating any liquidation;

31           “(B) requesting the conveyance of security property;

32           “(C) accelerating the loan;

33           “(D) repossessing property;

34           “(E) foreclosing on property; or

35           “(F) taking any other collection action.

36          “(e) Consideration of Borrowers for Loan Service Programs.—

1           “(1) IN GENERAL.—The Secretary shall consider a farmer program loan borrower for all  
2           loan service programs if, not later than 60 days after receipt of the notice described in  
3           subsection (b), the borrower requests the consideration in writing.

4           “(2) PRIORITY.—In considering a borrower for a loan service program, the Secretary shall  
5           place the highest priority on the preservation of the farming operations of the borrower.

## 6           **“SEC. 3405. PLANTING AND PRODUCTION HISTORY** 7           **GUIDELINES.**

8           “(a) In General.—The Secretary shall ensure that appropriate procedures, including, to the  
9           extent practicable, onsite inspections, or use of county or State yield averages, are used in  
10          calculating future yields for an applicant for a loan, when an accurate projection cannot be made  
11          because the past production history of the farmer has been affected by a natural or major disaster  
12          or emergency.

13          “(b) Calculation of Yields.—

14               “(1) IN GENERAL.—For the purpose of averaging the past yields of the farm of a farmer  
15               over a period of crop years to calculate the future yield of the farm under this title, the  
16               Secretary shall permit the farmer to exclude the crop year with the lowest actual or county  
17               average yield for the farm from the calculation, if the farmer was affected by a natural or  
18               major disaster or emergency during at least 2 of the crop years during the period.

19               “(2) AFFECTED BY A NATURAL OR MAJOR DISASTER OR EMERGENCY.—A farmer was  
20               affected by a natural or major disaster or emergency under paragraph (1) if the Secretary  
21               finds that the farming operations of the farmer have been substantially affected by a natural  
22               or major disaster or emergency, including a farmer who has a qualifying loss but is not  
23               located in a designated or declared disaster area.

24               “(3) APPLICATION OF SUBSECTION.—This subsection shall apply to any action taken by  
25               the Secretary that involves—

26                       “(A) a loan under chapter 1 or 2; and

27                       “(B) the yield of a farm of a farmer, including making a loan or loan guarantee,  
28                       servicing a loan, or making a credit sale.

## 29          **“SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS** 30          **ON LOANS.**

31          “(a) Applicant Requirements.—In connection with a loan made or guaranteed under this  
32          subtitle, the Secretary shall require—

33               “(1) the applicant—

34                       “(A) to certify in writing that, and the Secretary shall determine whether, the  
35                       applicant is unable to obtain credit elsewhere; and

36                       “(B) to furnish an appropriate written financial statement;

37               ~~“(2) the area or county committee to certify in writing that—~~

38               ~~“(A) an annual review of the credit history and business operation of the borrower has—~~

1       ~~been conducted; and~~

2       ~~“(B) a review of the continued eligibility of the borrower for the loan has been~~  
3       ~~conducted;~~

4       ~~“(3) except for a guaranteed loan, an agreement by the borrower that if at any time it~~  
5       ~~appears to the Secretary that the borrower may be able to obtain a loan from a production~~  
6       ~~credit association, a Federal land bank, or other responsible cooperative or private credit~~  
7       ~~source (or, in the case of a borrower under section 3106, the borrower may be able to obtain~~  
8       ~~a loan under section 3101), at reasonable rates and terms for loans for similar purposes and~~  
9       ~~periods of time, the borrower will, on request by the Secretary, apply for and accept the loan~~  
10       ~~in a sufficient amount to repay the Secretary or the insured lender, or both, and to pay for~~  
11       ~~any stock necessary to be purchased in a cooperative lending agency in connection with the~~  
12       ~~loan;~~

13       ~~“(4)“(3) such provision for supervision of the operations of the borrower as the Secretary~~  
14       ~~shall consider necessary to achieve the objectives of the loan and protect the interests of the~~  
15       ~~United States; and~~

16       ~~“(5)“(4) the application of a person who is a veteran for a loan under chapter 1 or 2 to be~~  
17       ~~given preference over a similar application from a person who is not a veteran if the~~  
18       ~~applications are on file in a county or area office at the same time.~~

19       “(b) Agency Processing Requirements.—

20       “(1) APPROVAL NOTIFICATION.—The Secretary shall approve or disapprove an  
21       application for a loan or loan guarantee made under this subtitle, and notify the applicant of  
22       such action, not later than 60 days after the date on which the Secretary has received a  
23       complete application for the loan or loan guarantee.

24       “(2) REQUEST INFORMATION.—

25       “(A) IN GENERAL.—On receipt of an application, the Secretary shall request from  
26       other parties such information as may be needed in connection with the application.

27       “(B) INFORMATION FROM AN AGENCY OF THE DEPARTMENT.—Not later than 15  
28       calendar days after the date on which an agency of the Department receives a request  
29       for information made pursuant to subparagraph (A), the agency shall provide the  
30       Secretary with the requested information.

31       “(3) NOTIFICATIONS.—

32       “(A) INCOMPLETE APPLICATION NOTIFICATION.—If an application for a loan or loan  
33       guarantee under this subtitle (other than an operating loan or loan guarantee) is  
34       incomplete, the Secretary shall inform the applicant of the reasons the application is  
35       incomplete not later than 20 days after the date on which the Secretary has received the  
36       application.

37       “(B) OPERATING LOANS.—

38       “(i) ADDITIONAL INFORMATION NEEDED.—Not later than 10 calendar days after  
39       the Secretary receives an application for an operating loan or loan guarantee, the  
40       Secretary shall notify the applicant of any information required before a decision  
41       may be made on the application.

1           “(ii) INFORMATION NOT RECEIVED.—If, not later than 20 calendar days after the  
2           date a request is made pursuant to clause (i) with respect to an application, the  
3           Secretary has not received the information requested, the Secretary shall notify  
4           the applicant and the district office of the Farm Service Agency, in writing, of the  
5           outstanding information.

6           “(4) REPORT OF PENDING APPLICATIONS.—

7           “(A) IN GENERAL.—A county office shall notify the district office of the Farm  
8           Service Agency of each application for an operating loan or loan guarantee that is  
9           pending more than 45 days after receipt, and the reasons for which the application is  
10          pending.

11          “(B) ACTION ON PENDING APPLICATIONS.—A district office that receives a notice  
12          provided under subparagraph (A) with respect to an application shall immediately take  
13          steps to ensure that final action is taken on the application not later than 15 days after  
14          the date of the receipt of the notice.

15          “(C) PENDING APPLICATION REPORT.—The district office shall report to the State  
16          office of the Farm Service Agency on each application for an operating loan or loan  
17          guarantee that is pending more than 45 days after receipt by the county committee, and  
18          the reasons for which the application is pending.

19          “(D) REPORT TO CONGRESS.—Each month, the Secretary shall notify the Committee  
20          on Agriculture of the House of Representatives and the Committee on Agriculture,  
21          Nutrition, and Forestry of the Senate, on a State-by-State basis, as to each application  
22          for an operating loan or loan guarantee on which final action had not been taken within  
23          60 calendar days after receipt by the Secretary, and the reasons for which final action  
24          had not been taken.

25          “(5) DISAPPROVALS.—

26          “(A) IN GENERAL.—If an application for a loan or loan guarantee under this subtitle  
27          is disapproved by the Secretary, the Secretary shall state the reasons for the  
28          disapproval in the notice required under paragraph (1).

29          “(B) DISAPPROVAL DUE TO LACK OF FUNDS.—

30               “(i) IN GENERAL.—Notwithstanding paragraph (1), each application for a loan  
31               or loan guarantee under section 3601(e), or for a loan under section 3501(a) or  
32               3502(a), that is to be disapproved by the Secretary solely because the Secretary  
33               lacks the funds necessary to make the loan or guarantee shall not be disapproved  
34               but shall be placed in pending status.

35               “(ii) RECONSIDERATION.—The Secretary shall retain each pending application  
36               and reconsider the application beginning on the date that sufficient funds become  
37               available.

38               “(iii) NOTIFICATION.—Not later than 60 days after funds become available  
39               regarding each pending application, the Secretary shall notify the applicant of the  
40               approval or disapproval of funding for the application.

41          “(6) APPROVALS ON APPEAL.—If an application for a loan or loan guarantee under this

1 subtitle is disapproved by the Secretary, but that action is subsequently reversed or revised  
2 as the result of an appeal within the Department or to the courts of the United States and the  
3 application is returned to the Secretary for further consideration, the Secretary shall act on  
4 the application and provide the applicant with notice of the action not later than 15 days  
5 after the date of return of the application to the Secretary.

6 “(7) PROVISION OF PROCEEDS.—

7 “(A) IN GENERAL.—Except as provided in subparagraph (B), if an application for an  
8 insured loan under this title is approved by the Secretary, the Secretary shall provide  
9 the loan proceeds to the applicant not later than 15 days (or such longer period as the  
10 applicant may approve) after the application for the loan is approved by the Secretary.

11 “(B) LACK OF FUNDS.—If the Secretary is unable to provide the loan proceeds to the  
12 applicant during the 15-day period described in subparagraph (A) because sufficient  
13 funds are not available to the Secretary for that purpose, the Secretary shall provide the  
14 loan proceeds to the applicant as soon as practicable (but in no event later than 15 days  
15 unless the applicant agrees to a longer period) after sufficient funds for that purpose  
16 become available to the Secretary.

17 “SEC. 3407. GRADUATION OF BORROWERS.

18 “(a) Graduation of Seasoned Direct Loan Borrowers to the Loan Guarantee Program.—

19 “(1) REVIEW OF LOANS.—

20 “(A) IN GENERAL.—The Secretary, or a contracting third party, shall annually review  
21 under section 3420 the loans of each seasoned direct loan borrower.

22 “(B) ASSISTANCE.—If, based on the review, it is determined that a borrower would  
23 be able to obtain a loan, guaranteed by the Secretary, from a commercial or  
24 cooperative lender at reasonable rates and terms for loans for similar purposes and  
25 periods of time, the Secretary shall assist the borrower in applying for the commercial  
26 or cooperative loan.

27 “(2) PROSPECTUS.—

28 “(A) IN GENERAL.—In accordance with section 3422, the Secretary shall prepare a  
29 prospectus on each seasoned direct loan borrower determined eligible to obtain a  
30 guaranteed loan.

31 “(B) REQUIREMENTS.—The prospectus shall contain a description of the amounts of  
32 the loan guarantee and interest assistance that the Secretary will provide to the  
33 seasoned direct loan borrower to enable the seasoned direct loan borrower to carry out  
34 a financially viable farming plan if a guaranteed loan is made.

35 “(3) VERIFICATION.—

36 “(A) IN GENERAL.—The Secretary shall provide a prospectus of a seasoned direct  
37 loan borrower to each approved lender whose lending area includes the location of the  
38 seasoned direct loan borrower.

39 “(B) NOTIFICATION.—The Secretary shall notify each borrower of a loan that a  
40 prospectus has been provided to a lender under subparagraph (A).

1           “(C) CREDIT EXTENDED.—If the Secretary receives an offer from an approved lender  
2           to extend credit to the seasoned direct loan borrower under terms and conditions  
3           contained in the prospectus, the seasoned direct loan borrower shall not be eligible for  
4           a loan from the Secretary under chapter 1 or 2, except as otherwise provided in this  
5           section.

6           “(4) INSUFFICIENT ASSISTANCE OR OFFERS.—If the Secretary is unable to provide loan  
7           guarantees and, if necessary, interest assistance to the seasoned direct loan borrower under  
8           this section in amounts sufficient to enable the seasoned direct loan borrower to borrow  
9           from commercial sources the amount required to carry out a financially viable farming plan,  
10          or if the Secretary does not receive an offer from an approved lender to extend credit to a  
11          seasoned direct loan borrower under the terms and conditions contained in the prospectus,  
12          the Secretary shall make a loan to the seasoned direct loan borrower under chapter 1 or 2,  
13          whichever is applicable.

14          “(5) INTEREST RATE REDUCTIONS.—To the extent necessary for the borrower to obtain a  
15          loan, guaranteed by the Secretary, from a commercial or cooperative lender, the Secretary  
16          shall provide interest rate reductions as provided for under section 3413.

17          “(b) Transition to Private Commercial or Other Sources of Credit.—

18                 “(1) IN GENERAL.—In making an operating or ownership loan, the Secretary shall  
19                 establish a plan and promulgate regulations (including performance criteria) that promote  
20                 the goal of transitioning borrowers to private commercial credit and other sources of credit  
21                 in the shortest period of time practicable.

22                 “(2) COORDINATION.—In carrying out this section, the Secretary shall integrate and  
23                 coordinate the transition policy described in subsection (a) with—

24                         “(A) the borrower training program established by section 3419;

25                         “(B) the loan assessment process established by section 3420;

26                         “(C) the supervised credit requirement established by section 3421;

27                         “(D) the market placement program established by section 3422; and

28                         “(E) other appropriate programs and authorities, as determined by the Secretary.

29          “(c) Graduation of Borrowers With Operating Loans or Guarantees to Private Commercial  
30          Credit.—The Secretary shall establish a plan, in coordination with activities under sections 3419  
31          through 3422, to encourage each borrower with an outstanding loan under this chapter, or with  
32          respect to whom there is an outstanding guarantee under this chapter, to graduate to private  
33          commercial or other sources of credit.

## 34          “SEC. 3408. DEBT ADJUSTMENT AND CREDIT 35          COUNSELING.

36          “In carrying out this subtitle, the Secretary may—

37                 “(1) provide voluntary debt adjustment assistance between—

38                         “(A) farmers; and

39                         “(B) the creditors of the farmers;

1           “(2) cooperate with State, territorial, and local agencies and committees engaged in the  
2           debt adjustment; and

3           “(3) give credit counseling.

## 4   “SEC. 3409. SECURITY SERVICING.

5           “(a) Sale of Property.—

6           “(1) IN GENERAL.—Subject to this subsection and subsection (e)(1), the Secretary shall  
7           offer to sell real property that is acquired by the Secretary under this title using the  
8           following order and method of sale:

9           “(A) ADVERTISEMENT.—Not later than 15 days after acquiring real property, the  
10           Secretary shall publicly advertise the property for sale.

11           “(B) QUALIFIED BEGINNING FARMER.—

12           “(i) IN GENERAL.—Not later than 75 days after acquiring real property, the  
13           Secretary shall offer to sell the property to a qualified beginning farmer at current  
14           market value based on a current appraisal.

15           “(ii) RANDOM SELECTION.—If more than 1 qualified beginning farmer offers to  
16           purchase the property, the Secretary shall select between the qualified applicants  
17           on a random basis.

18           “(iii) APPEAL OF RANDOM SELECTION.—A random selection or denial by the  
19           Secretary of a qualified beginning farmer for farm inventory property under this  
20           subparagraph shall be final and not administratively appealable.

21           “(C) PUBLIC SALE.—If no acceptable offer is received from a qualified beginning  
22           farmer under subparagraph (B) not later than 75 days after acquiring the real property,  
23           the Secretary shall, not later than 30 days after the 75-day period, sell the property after  
24           public notice at a public sale, and, if no acceptable bid is received, by negotiated sale,  
25           at the best price obtainable.

26           “(2) INTEREST.—

27           “(A) IN GENERAL.—Subject to subparagraph (B), any conveyance of real property  
28           under this subsection shall include all of the interest of the United States in the  
29           property, including mineral rights.

30           “(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an  
31           easement, restriction, development right, or similar legal right to real property to a  
32           State, a political subdivision of a State, or a private nonprofit organization separately  
33           from the underlying fee or other rights to the property owned by the United States.

34           “(3) OTHER LAW.—Subtitle I of title 40, United States Code, and title III of the Federal  
35           Property and Administrative Services Act of 1949 (41 U.S.C. 251 et seq.) shall not apply to  
36           any exercise of authority under this subtitle.

37           “(4) LEASE OF PROPERTY.—

38           “(A) IN GENERAL.—Subject to subparagraph (B), the Secretary may not lease any  
39           real property acquired under this title.

1 “(B) EXCEPTION.—

2 “(i) QUALIFIED BEGINNING FARMER.—The Secretary may lease or contract to  
3 sell to a qualified beginning farmer a farm acquired by the Secretary under this  
4 title if the qualified beginning farmer qualifies for a credit sale or direct farm  
5 ownership loan under chapter 1 but credit sale authority for loans or direct farm  
6 ownership loan funds, respectively, are not available.

7 “(ii) TERM.—The term of a lease or contract to sell to a qualified beginning  
8 farmer under clause (i) shall be until the earlier of—

9 “(I) the date that is 18 months after the date of the lease or sale; or

10 “(II) the date that direct farm ownership loan funds or credit sale authority  
11 for loans becomes available to the qualified beginning farmer.

12 “(iii) INCOME-PRODUCING CAPABILITY.—In determining the rental rate on real  
13 property leased under this subparagraph, the Secretary shall consider the  
14 income-producing capability of the property during the term that the property is  
15 leased.

16 “(5) EXPEDITED DETERMINATION.—

17 “(A) IN GENERAL.—On the request of an applicant, not later than 30 days after  
18 denial of the application, the appropriate State director shall provide an expedited  
19 review and determination of whether the applicant is a qualified beginning farmer for  
20 the purpose of acquiring farm inventory property.

21 “(B) APPEAL.—The determination of a State Director under subparagraph (A) shall  
22 be final and not administratively appealable.

23 “(C) EFFECTS OF DETERMINATIONS.—

24 “(i) IN GENERAL.—The Secretary shall maintain statistical data on the number  
25 and results of determinations made under subparagraph (A) and the effect of the  
26 determinations on—

27 “(I) selling farm inventory property to qualified beginning farmers; and

28 “(II) disposing of real property in inventory.

29 “(ii) NOTIFICATION.—The Secretary shall notify the Committee on Agriculture  
30 of the House of Representatives and the Committee on Agriculture, Nutrition, and  
31 Forestry of the Senate if the Secretary determines that the review process under  
32 subparagraph (A) is adversely affecting the selling of farm inventory property to  
33 qualified beginning farmers or the disposing of real property in inventory.

34 “(b) Road and Utility Easements and Condemnations.—In the case of any real property  
35 administered under this title, the Secretary may grant or sell easements or rights-of-way for  
36 roads, utilities, and other appurtenances that are not inconsistent with the public interest.

37 “(c) Sale or Lease of Farmland.—

38 “(1) DISPOSITION OF REAL PROPERTY ON INDIAN RESERVATIONS.—

39 “(A) DEFINITION OF INDIAN RESERVATION.—In this paragraph, the term ‘Indian

1 reservation' means—

2 “(i) all land located within the limits of any Indian reservation under the  
3 jurisdiction of the United States, notwithstanding the issuance of any patent, and,  
4 including any right-of-way running through the reservation;

5 “(ii) trust or restricted land located within the boundaries of a former  
6 reservation of an Indian tribe in the State of Oklahoma; or

7 “(iii) all Indian allotments the Indian titles to which have not been extinguished  
8 if the allotments are subject to the jurisdiction of an Indian tribe.

9 “(B) DISPOSITION.—Except as provided in paragraph (3), the Secretary shall dispose  
10 of or administer the property as provided in paragraph when—

11 “(i) the Secretary acquires property under this subtitle that is located within an  
12 Indian reservation; and

13 “(ii) the borrower-owner is the Indian tribe that has jurisdiction over the  
14 reservation in which the real property is located or the borrower-owner is a  
15 member of the Indian tribe;

16 “(C) PRIORITY.—Not later than 90 days after acquiring the property, the Secretary  
17 shall afford an opportunity to purchase or lease the real property in accordance with the  
18 order of priority established under subparagraph (D) to the Indian tribe having  
19 jurisdiction over the Indian reservation within which the real property is located or, if  
20 no order of priority is established by the Indian tribe under subparagraph (D), in the  
21 following order:

22 “(i) An Indian member of the Indian tribe that has jurisdiction over the  
23 reservation within which the real property is located.

24 “(ii) An Indian corporate entity.

25 “(iii) The Indian tribe.

26 “(D) REVISION OF PRIORITY AND RESTRICTION OF ELIGIBILITY.—The governing body  
27 of any Indian tribe having jurisdiction over an Indian reservation may revise the order  
28 of priority provided in subparagraph (C) under which land located within the  
29 reservation shall be offered for purchase or lease by the Secretary under subparagraph  
30 (C) and may restrict the eligibility for the purchase or lease to—

31 “(i) persons who are members of the Indian tribe;

32 “(ii) Indian corporate entities that are authorized by the Indian tribe to lease or  
33 purchase land within the boundaries of the reservation; or

34 “(iii) the Indian tribe itself.

35 “(E) TRANSFER OF PROPERTY TO SECRETARY OF THE INTERIOR.—

36 “(i) IN GENERAL.—If real property described in subparagraph (B) is not  
37 purchased or leased under subparagraph (C) and the Indian tribe having  
38 jurisdiction over the reservation within which the real property is located is unable  
39 to purchase or lease the real property, the Secretary shall transfer the real property  
40 to the Secretary of the Interior who shall administer the real property as if the real

1 property were held in trust by the United States for the benefit of the Indian tribe.

2 “(ii) USE OF RENTAL INCOME.—From the rental income derived from the lease  
3 of the transferred real property, and all other income generated from the  
4 transferred real property, the Secretary of the Interior shall pay the State, county,  
5 municipal, or other local taxes to which the transferred real property was subject  
6 at the time of acquisition by the Secretary, until the earlier of—

7 “(I) the expiration of the 4-year period beginning on the date on which the  
8 real property is so transferred; or

9 “(II) such time as the land is transferred into trust pursuant to  
10 subparagraph (H).

11 “(F) RESPONSIBILITIES OF SECRETARIES.—If any real property is transferred to the  
12 Secretary of the Interior under subparagraph (E)—

13 “(i) the Secretary of Agriculture shall have no further responsibility under this  
14 title for—

15 “(I) collection of any amounts with regard to the farm program loan that  
16 had been secured by the real property;

17 “(II) any lien arising out of the loan transaction; or

18 “(III) repayment of any amount with regard to the loan transaction or lien  
19 to the Treasury of the United States; and

20 “(ii) the Secretary of the Interior shall succeed to all right, title, and interest of  
21 the Secretary of Agriculture in the real estate arising from the farm program loan  
22 transaction, including the obligation to remit to the Treasury of the United States,  
23 in repayment of the original loan, the amounts provided in subparagraph (G).

24 “(G) USE OF INCOME.—After the payment of any taxes that are required to be paid  
25 under subparagraph (E)(ii), all remaining rental income derived from the lease of the  
26 real property transferred to the Secretary of the Interior under subparagraph (E)(i), and  
27 all other income generated from the real property transferred to the Secretary of the  
28 Interior under that subparagraph, shall be deposited as miscellaneous receipts in the  
29 Treasury of the United States until the amount deposited is equal to the lesser of—

30 “(i) the amount of the outstanding lien of the United States against the real  
31 property, as of the date the real property was acquired by the Secretary;

32 “(ii) the fair market value of the real property, as of the date of the transfer to  
33 the Secretary of the Interior; or

34 “(iii) the capitalized value of the real property, as of the date of the transfer to  
35 the Secretary of the Interior.

36 “(H) HOLDING OF TITLE IN TRUST.—If the total amount that is required to be  
37 deposited under subparagraph (G) with respect to any real property has been deposited  
38 into the Treasury of the United States, title to the real property shall be held in trust by  
39 the United States for the benefit of the Indian tribe having jurisdiction over the Indian  
40 reservation within which the real property is located.

1 “(I) PAYMENT OF REMAINING LIEN OR FAIR MARKET VALUE OF PROPERTY.—

2 “(i) IN GENERAL.—Notwithstanding any other subparagraph of this paragraph,  
3 the Indian tribe having jurisdiction over the Indian reservation within which the  
4 real property described in subparagraph (B) is located may, at any time after the  
5 real property has been transferred to the Secretary of the Interior under  
6 subparagraph (E), offer to pay the remaining amount on the lien or the fair market  
7 value of the real property, whichever is less.

8 “(ii) EFFECT OF PAYMENT.—On payment of the amount, title to the real  
9 property shall be held by the United States in trust for the tribe and the trust or  
10 restricted land that has been acquired by the Secretary under foreclosure or  
11 voluntary transfer under a loan made or insured under this title and transferred to  
12 an Indian person, entity, or tribe under this paragraph shall be considered to have  
13 never lost trust or restricted status.

14 “(J) APPLICABILITY.—

15 “(i) IN GENERAL.—This paragraph shall apply to all land in the land inventory  
16 established under this title (as of November 28, 1990) that was (immediately prior  
17 to the date) owned by an Indian borrower-owner described in subparagraph (B)  
18 and that is situated within an Indian reservation, regardless of the date of  
19 foreclosure or acquisition by the Secretary.

20 “(ii) OPPORTUNITY TO PURCHASE OR LEASE.—The Secretary shall afford an  
21 opportunity to an Indian person, entity, or tribe to purchase or lease the real  
22 property as provided in subparagraph (C).

23 “(iii) TRANSFER.—If the right is not exercised or no expression of intent to  
24 exercise the right is received within 180 days after November 28, 1990, the  
25 Secretary shall transfer the real property to the Secretary of the Interior as  
26 provided in subparagraph (E).

27 “(2) ADDITIONAL RIGHTS.—The rights provided in this subsection shall be in addition to  
28 any right of first refusal under the law of the State in which the property is located.

29 “(3) DISPOSITION OF REAL PROPERTY ON INDIAN RESERVATIONS AFTER PROCEDURES  
30 EXHAUSTED.—

31 “(A) IN GENERAL.—The Secretary shall dispose of or administer real property  
32 described in paragraph (1)(B) only as provided in paragraph (1), as modified by this  
33 paragraph, if—

34 “(i) the real property described in paragraph (1)(B) is located within an Indian  
35 reservation;

36 “(ii) the borrower-owner is an Indian tribe that has jurisdiction over the  
37 reservation in which the real property is located or the borrower-owner is a  
38 member of an Indian tribe;

39 “(iii) the borrower-owner has obtained a loan made or guaranteed under this  
40 title; and

41 “(iv) the borrower-owner and the Secretary have exhausted all of the

1 procedures provided for in this title to permit a borrower-owner to retain title to  
2 the real property, so that it is necessary for the borrower-owner to relinquish title.

3 “(B) NOTICE OF RIGHT TO CONVEY PROPERTY.—The Secretary shall provide the  
4 borrower-owner of real property that is described in subparagraph (A) with written  
5 notice of—

6 “(i) the right of the borrower-owner to voluntarily convey the real property to  
7 the Secretary; and

8 “(ii) the fact that real property so conveyed will be placed in the inventory of  
9 the Secretary.

10 “(C) NOTICE OF RIGHTS AND PROTECTIONS.—The Secretary shall provide the  
11 borrower-owner of the real property with written notice of the rights and protections  
12 provided under this title to the borrower-owner, and the Indian tribe that has  
13 jurisdiction over the reservation in which the real property is located, from foreclosure  
14 or liquidation of the real property, including written notice—

15 “(i) of paragraph (1), this paragraph, and subsection (e)(3);

16 “(ii) if the borrower-owner does not voluntarily convey the real property to the  
17 Secretary, that—

18 “(I) the Secretary may foreclose on the property;

19 “(II) in the event of foreclosure, the property will be offered for sale;

20 “(III) the Secretary shall offer a bid for the property that is equal to the fair  
21 market value of the property or the outstanding principal and interest of the  
22 loan, whichever is higher;

23 “(IV) the property may be purchased by another party; and

24 “(V) if the property is purchased by another party, the property will not be  
25 placed in the inventory of the Secretary and the borrower-owner will forfeit  
26 the rights and protections provided under this title; and

27 “(iii) of the opportunity of the borrower-owner to consult with the Indian tribe  
28 that has jurisdiction over the reservation in which the real property is located or  
29 counsel to determine if State or tribal law provides rights and protections that are  
30 more beneficial than the rights and protections provided the borrower-owner  
31 under this title.

32 “(D) ACCEPTANCE OF VOLUNTARY CONVEYANCE.—

33 “(i) IN GENERAL.—Except as provided in clause (ii), the Secretary shall accept  
34 the voluntary conveyance of real property described in subparagraph (A).

35 “(ii) HAZARDOUS SUBSTANCES.—If a hazardous substance (as defined in  
36 section 101(14) of the Comprehensive Environmental Response, Compensation,  
37 and Liability Act of 1980 (42 U.S.C. 9601(14))) is located on the property and the  
38 Secretary takes remedial action to protect human health or the environment if the  
39 property is taken into inventory, the Secretary shall accept the voluntary  
40 conveyance of the property only if the Secretary determines that the conveyance

1 is in the best interests of the Federal Government.

2 “(E) FORECLOSURE PROCEDURES.—

3 “(i) NOTICE TO BORROWER.—If an Indian borrower-owner does not voluntarily  
4 convey to the Secretary real property described in subparagraph (A), not less than  
5 30 days before a foreclosure sale of the property, the Secretary shall provide the  
6 Indian borrower-owner with the option of—

7 “(I) requiring the Secretary to assign the loan and security instruments to  
8 the Secretary of the Interior, if the Secretary of the Interior agrees to an  
9 assignment releasing the Secretary of Agriculture from all further  
10 responsibility for collection of any amounts with regard to the loan secured  
11 by the real property; or

12 “(II) requiring the Secretary to assign the loan and security instruments to  
13 the tribe having jurisdiction over the reservation in which the real property is  
14 located, if the tribe agrees to assume the loan under the terms specified in  
15 clause (iii).

16 “(ii) NOTICE TO TRIBE.—If an Indian borrower-owner does not voluntarily  
17 convey to the Secretary real property described in subparagraph (A), not less than  
18 30 days before a foreclosure sale of the property, the Secretary shall provide  
19 written notice to the Indian tribe that has jurisdiction over the reservation in which  
20 the real property is located of—

21 “(I) the sale;

22 “(II) the fair market value of the property; and

23 “(III) the requirements of this paragraph.

24 “(iii) ASSUMED LOANS.—If an Indian tribe assumes a loan under clause (i)—

25 “(I) the Secretary shall not foreclose the loan because of any default that  
26 occurred prior to the date of the assumption;

27 “(II) the loan shall be for the lesser of the outstanding principal and  
28 interest of the loan or the fair market value of the property; and

29 “(III) the loan shall be treated as though the loan was made under Public  
30 Law 91–229 (25 U.S.C. 488 et seq.).

31 “(F) AMOUNT OF BID BY SECRETARY.—

32 “(i) IN GENERAL.—Except as provided in clause (ii), at a foreclosure sale of real  
33 property described in subparagraph (A), the Secretary shall offer a bid for the  
34 property that is equal to the higher of—

35 “(I) the fair market value of the property; or

36 “(II) the outstanding principal and interest on the loan.

37 “(ii) HAZARDOUS SUBSTANCES.—If a hazardous substance (as defined in  
38 section 101(14) of the Comprehensive Environmental Response, Compensation,  
39 and Liability Act of 1980 (42 U.S.C. 9601(14))) is located on the property and the

1 Secretary takes remedial action to protect human health or the environment if the  
2 property is taken into inventory, clause (i) shall apply only if the Secretary  
3 determines that bidding is in the best interests of the Federal Government.

4 “(4) DETRIMENTAL EFFECT ON VALUE OF AREA FARMLAND.—The Secretary shall not offer  
5 for sale or sell any farmland referred to in paragraphs (1) through (3) if placing the farmland  
6 on the market will have a detrimental effect on the value of farmland in the area.

7 “(5) INSTALLMENT SALES AND MULTIPLE OPERATORS.—

8 “(A) IN GENERAL.—The Secretary may sell farmland administered under this title  
9 through an installment sale or similar device that contains such terms as the Secretary  
10 considers necessary to protect the investment of the Federal Government in the land.

11 “(B) SALE OF CONTRACT.—The Secretary may subsequently sell any contract  
12 entered into to carry out subparagraph (A).

13 “(6) HIGHLY ERODIBLE LAND.—In the case of farmland administered under this title that  
14 is highly erodible land (as defined in section 1201 of the Food Security Act of 1985 (16  
15 U.S.C. 3801)), the Secretary may require the use of specified conservation practices on the  
16 land as a condition of the sale or lease of the land.

17 “(7) NO EFFECT ON ACREAGE ALLOTMENTS, MARKETING QUOTAS, OR ACREAGE  
18 BASES.—Notwithstanding any other law, compliance by the Secretary with this subsection  
19 shall not cause any acreage allotment, marketing quota, or acreage base assigned to the  
20 property to lapse, terminate, be reduced, or otherwise be adversely affected.

21 “(8) NO PREEMPTION OF STATE LAW.—If a conflict exists between any provision of this  
22 subsection and any provision of the law of any State providing a right of first refusal to the  
23 owner of farmland or the operator of a farm before the sale or lease of land to any other  
24 person, the provision of State law shall prevail.

25 “(d) Release of Normal Income Security.—

26 “(1) DEFINITION OF NORMAL INCOME SECURITY.—In this subsection:

27 “(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘normal  
28 income security’ means all security not considered basic security, including crops,  
29 livestock, poultry products, Farm Service Agency payments and Commodity Credit  
30 Corporation payments, and other property covered by Farm Service Agency liens that  
31 is sold in conjunction with the operation of a farm or other business.

32 “(B) EXCEPTIONS.—The term ‘normal income security’ does not include any  
33 equipment (including fixtures in States that have adopted the Uniform Commercial  
34 Code), or foundation herd or flock, that is—

35 “(i) the basis of the farming or other operation; and

36 “(ii) the basic security for a farmer program loan.

37 “(2) GENERAL RELEASE.—Subject to paragraph (5), the Secretary shall release from the  
38 normal income security provided for a loan an amount sufficient to pay for the essential  
39 household and farm operating expenses of the borrower, until such time as the Secretary  
40 accelerates the loan.

1 “(3) FINAL DETERMINATIONS.—

2 “(A) IN GENERAL.—Not later than 1 year after a borrower has requested  
3 restructuring under section 3411, the Secretary shall make a final determination on the  
4 request.

5 “(B) RELEASES.—Releases shall continue to be made to the borrower until a denial  
6 or dismissal of the application of the borrower for restructuring under section 3411 is  
7 made.

8 “(C) AMOUNT OF RELEASE.—The amount of essential household and farm operating  
9 expenses that may be released to any borrower eligible for the releases after 1 year  
10 may exceed \$18,000, by an amount proportionate to the period of time beyond 1 year  
11 before a final determination is made by the Secretary.

12 “(4) NOTICE OF REPORTING REQUIREMENTS AND RIGHTS.—If a borrower is required to  
13 plan for or to report as to how proceeds from the sale of collateral property will be used, the  
14 Secretary shall notify the borrower of—

15 “(A) the requirement; and

16 “(B) the right to the release of funds under this subsection and the means by which a  
17 request for the funds may be made.

18 “(5) APPLICABILITY.—This subsection shall apply only a non-real estate loan made under  
19 chapter 2 or 3.

20 “(e) Easements on Inventoried Property.—

21 “(1) IN GENERAL.—Subject to paragraph (2), in the disposal of real property under this  
22 section, the Secretary shall establish perpetual wetland conservation easements to protect  
23 and restore wetland or converted wetland that exists on inventoried property.

24 “(2) LIMITATION.—The Secretary shall not establish a wetland conservation easement on  
25 an inventoried property that—

26 “(A) was cropland on the date the property entered the inventory of the Secretary; or

27 “(B) was used for farming at any time during the period—

28 “(i) beginning on the date that is 5 years before the property entered the  
29 inventory of the Secretary; and

30 “(ii) ending on the date on which the property entered the inventory of the  
31 Secretary.

32 “(3) NOTIFICATION.—The Secretary shall provide prior written notification to a borrower  
33 considering homestead retention that a wetland conservation easement may be placed on  
34 land for which the borrower is negotiating a lease option.

35 “(4) APPRAISED VALUE.—The appraised value of the farm shall reflect the value of the  
36 land due to the placement of wetland conservation easements.

37 “SEC. 3410. CONTRACTS ON LOAN SECURITY  
38 PROPERTIES.

1 “(a) Contracts on Loan Security Properties.—Subject to subsection (b), the Secretary may  
2 enter into a contract related to real property for conservation, recreation, or wildlife purposes.

3 “(b) Limitations.—The Secretary may enter into a contract under subsection (a) if—

4 “(1) the property is wetland, upland, or highly erodible land;

5 “(2) the property is determined by the Secretary to be suitable for the purpose involved;  
6 and

7 “(3)(A) the property secures a loan made under a law administered and held by the  
8 Secretary; and

9 “(B) the contract would better enable a qualified borrower to repay the loan in a timely  
10 manner, as determined by the Secretary.

11 “(c) Terms and Conditions.—The terms and conditions specified in a contract under  
12 subsection (a) shall—

13 “(1) specify the purposes for which the real property may be used;

14 “(2) identify any conservation measure to be taken, and any recreational and wildlife use  
15 to be allowed, with respect to the real property; and

16 “(3) require the owner to permit the Secretary, and any person or governmental entity  
17 designated by the Secretary, to have access to the real property for the purpose of  
18 monitoring compliance with the contract.

19 “(d) Reduction or Forgiveness of Debt.—

20 “(1) IN GENERAL.—Subject to this section, the Secretary may reduce or forgive the  
21 outstanding debt of a borrower—

22 “(A) in the case of a borrower to whom the Secretary has made an outstanding loan  
23 under a law administered by the Secretary, by canceling that part of the aggregate  
24 amount of the outstanding loan that bears the same ratio to the aggregate amount as—

25 “(i) the number of acres of the real property of the borrower that are subject to  
26 the contract; bears to

27 “(ii) the aggregate number of acres securing the loan; or

28 “(B) in any other case, by treating as prepaid that part of the principal amount of a  
29 new loan to the borrower issued and held by the Secretary under a law administered by  
30 the Secretary that bears the same ratio to the principal amount as—

31 “(i) the number of acres of the real property of the borrower that are subject to  
32 the contract; bears to

33 “(ii) the aggregate number of acres securing the new loan.

34 “(2) MAXIMUM CANCELED AMOUNT.—The amount canceled or treated as prepaid under  
35 paragraph (1) shall not exceed—

36 “(A) in the case of a delinquent loan, the greater of—

37 “(i) the value of the land on which the contract is entered into; or

1                   “(ii) the difference between—  
2                   “(I) the amount of the outstanding loan secured by the land; and  
3                   “(II) the value of the land; or  
4                   “(B) in the case of a nondelinquent loan, 33 percent of the amount of the loan  
5                   secured by the land.

6                   “(e) Consultation With Fish and Wildlife Service.—If the Secretary uses the authority  
7                   provided by this section, the Secretary shall consult with the Director of the Fish and Wildlife  
8                   Service for the purposes of—

9                   “(1) selecting real property in which the Secretary may enter into a contract under this  
10                  section;

11                  “(2) formulating the terms and conditions of the contract; and

12                  “(3) enforcing the contract.

13                  “(f) Enforcement.—The Secretary, and any person or governmental entity designated by the  
14                  Secretary, may enforce a contract entered into by the Secretary under this section.

## 15                  “SEC. 3411. DEBT RESTRUCTURING AND LOAN 16                  SERVICING.

17                  “(a) In General.—The Secretary shall modify a delinquent farmer program loan made or  
18                  guaranteed under this subtitle, or purchased from the lender or the Federal Deposit Insurance  
19                  Corporation under section 3902, to the maximum extent practicable—

20                  “(1) to avoid a loss to the Secretary on the loan, with priority consideration being placed  
21                  on writing-down the loan principal and interest (subject to subsections (d) and (e)), and debt  
22                  set-aside (subject to subsection (e)), to facilitate keeping the borrower on the farm, or  
23                  otherwise through the use of primary loan service programs under this section; and

24                  “(2) to ensure that a borrower is able to continue farming operations.

25                  “(b) Eligibility.—To be eligible to obtain assistance under subsection (a)—

26                  “(1) the delinquency shall be due to a circumstance beyond the control of the borrower,  
27                  as defined in regulations issued by the Secretary, except that the regulations shall require  
28                  that, if the value of the assets calculated under subsection (c)(2)(A)(ii) that may be realized  
29                  through liquidation or other methods would produce enough income to make the delinquent  
30                  loan current, the borrower shall not be eligible for assistance under subsection (a);

31                  “(2) the borrower shall have acted in good faith with the Secretary in connection with the  
32                  loan as defined in regulations issued by the Secretary;

33                  “(3) the borrower shall present a preliminary plan to the Secretary that contains  
34                  reasonable assumptions that demonstrate that the borrower will be able—

35                  “(A) to meet the necessary family living and farm operating expenses of the  
36                  borrower; and

37                  “(B) to service all debts of the borrower, including restructured loans; and

1           “(4) the loan, if restructured, shall result in a net recovery to the Federal Government,  
2           during the term of the loan as restructured, that would be more than or equal to the net  
3           recovery to the Federal Government from an involuntary liquidation or foreclosure on the  
4           property securing the loan.

5           “(c) Restructuring Determinations.—

6           “(1) DETERMINATION OF NET RECOVERY.—In determining the net recovery from the  
7           involuntary liquidation of a loan under this section, the Secretary shall calculate—

8                   “(A) the recovery value of the collateral securing the loan, in accordance with  
9                   paragraph (2); and

10                   “(B) the value of the restructured loan, in accordance with paragraph (3).

11           “(2) RECOVERY VALUE.—For the purpose of paragraph (1), the recovery value of the  
12           collateral securing the loan shall be based on the difference between—

13                   “(A)(i) the amount of the current appraised value of the interests of the borrower in  
14                   the property securing the loan; and

15                   “(ii) the value of the interests of the borrower in all other assets that are—

16                           “(I) not essential for necessary family living expenses;

17                           “(II) not essential to the operation of the farm; and

18                           “(III) not exempt from judgment creditors or in a bankruptcy action under  
19                           Federal or State law;

20                   “(B) the estimated administrative, attorney, and other expenses associated with the  
21                   liquidation and disposition of the loan and collateral, including—

22                           “(i) the payment of prior liens;

23                           “(ii) taxes and assessments, depreciation, management costs, the yearly  
24                           percentage decrease or increase in the value of the property, and lost interest  
25                           income, each calculated for the average holding period for the type of property  
26                           involved;

27                           “(iii) resale expenses, such as repairs, commissions, and advertising; and

28                           “(iv) other administrative and attorney costs; and

29                   “(C) the value, as determined by the Secretary, of any property not included in  
30                   subparagraph (A)(i) if the property is specified in any security agreement with respect  
31                   to the loan and the Secretary determines that the value of the property should be  
32                   included for purposes of this section.

33           “(3) VALUE OF THE RESTRUCTURED LOAN.—

34                   “(A) IN GENERAL.—For the purpose of paragraph (1), the value of the restructured  
35                   loan shall be based on the present value of payments that the borrower would make to  
36                   the Federal Government if the terms of the loan were modified under any combination  
37                   of primary loan service programs to ensure that the borrower is able to meet the  
38                   obligations and continue farming operations.

1           “(B) PRESENT VALUE.—For the purpose of calculating the present value referred to  
2 in subparagraph (A), the Secretary shall use a discount rate of not more than the  
3 current rate at the time of the calculation of 90-day Treasury bills.

4           “(C) CASH FLOW MARGIN.—For the purpose of assessing under subparagraph (A) the  
5 ability of a borrower to meet debt obligations and continue farming operations, the  
6 Secretary shall assume that the borrower needs up to 110 percent of the amount  
7 indicated for payment of farm operating expenses, debt service obligations, and family  
8 living expenses.

9           “(4) NOTIFICATION.—Not later than 90 days after receipt of a written request for  
10 restructuring from the borrower, the Secretary shall—

11           “(A) make the calculations specified in paragraphs (2) and (3);

12           “(B) notify the borrower in writing of the results of the calculations; and

13           “(C) provide documentation for the calculations.

14           “(5) RESTRUCTURING OF LOANS.—

15           “(A) IN GENERAL.—If the value of a restructured loan is greater than or equal to the  
16 recovery value of the collateral securing the loan, not later than 45 days after notifying  
17 the borrower under paragraph (4), the Secretary shall offer to restructure the loan  
18 obligations of the borrower under this title through primary loan service programs that  
19 would enable the borrower to meet the obligations (as modified) under the loan and to  
20 continue the farming operations of the borrower.

21           “(B) RESTRUCTURING.—If the borrower accepts an offer under subparagraph (A),  
22 not later than 45 days after receipt of notice of acceptance, the Secretary shall  
23 restructure the loan accordingly.

24           “(6) TERMINATION OF LOAN OBLIGATIONS.—The obligations of a borrower to the  
25 Secretary under a loan shall terminate if—

26           “(A) the borrower satisfies the requirements of paragraphs (1) and (2) of subsection  
27 (b);

28           “(B) the value of the restructured loan is less than the recovery value; and

29           “(C) not later than 90 days after receipt of the notification described in paragraph  
30 (4)(B), the borrower pays (or obtains third-party financing to pay) the Secretary an  
31 amount equal to the current market value.

32           “(7) NEGOTIATION OF APPRAISAL.—

33           “(A) IN GENERAL.—In making a determination concerning restructuring under this  
34 subsection, the Secretary, at the request of the borrower, shall enter into negotiations  
35 with the borrower concerning appraisals required under this subsection.

36           “(B) INDEPENDENT APPRAISAL.—

37           “(i) IN GENERAL.—If the borrower, based on a separate current appraisal,  
38 objects to the decision of the Secretary regarding an appraisal, the borrower and  
39 the Secretary shall mutually agree, to the extent practicable, on an independent  
40 appraiser who shall conduct another appraisal of the property of the borrower.

1                   “(ii) VALUE OF FINAL APPRAISAL.—The average of the 2 appraisals under clause  
2                   (i) that are closest in value shall become the final appraisal under this paragraph.

3                   “(iii) COST OF APPRAISAL.—The borrower and the Secretary shall each pay \1/2\  
4                   of the cost of any independent appraisal.

5                   “(d) Principal and Interest Write-down.—

6                   “(1) IN GENERAL.—

7                   “(A) PRIORITY CONSIDERATION.—In selecting the restructuring alternatives to be  
8                   used in the case of a borrower who has requested restructuring under this section, the  
9                   Secretary shall give priority consideration to the use of a principal and interest  
10                  write-down if other creditors of the borrower (other than any creditor who is fully  
11                  collateralized) representing a substantial portion of the total debt of the borrower held  
12                  by the creditors of the borrower, agree to participate in the development of the  
13                  restructuring plan or agree to participate in a State mediation program.

14                  “(B) FAILURE OF CREDITORS TO AGREE.—Failure of creditors to agree to participate  
15                  in the restructuring plan or mediation program shall not preclude the use of a principal  
16                  and interest write-down by the Secretary if the Secretary determines that restructuring  
17                  results in the least cost to the Secretary.

18                  “(2) PARTICIPATION OF CREDITORS.—Before eliminating the option to use debt  
19                  write-down in the case of a borrower, the Secretary shall make a reasonable effort to contact  
20                  the creditors of the borrower, either directly or through the borrower, and encourage the  
21                  creditors to participate with the Secretary in the development of a restructuring plan for the  
22                  borrower.

23                  “(e) Shared Appreciation Arrangements.—

24                  “(1) IN GENERAL.—As a condition of restructuring a loan in accordance with this section,  
25                  the borrower of the loan may be required to enter into a shared appreciation arrangement  
26                  that requires the repayment of amounts written off or set aside.

27                  “(2) TERMS.—A shared appreciation agreement shall—

28                         “(A) have a term not to exceed 10 years; and

29                         “(B) provide for recapture based on the difference between the appraised values of  
30                         the real security property at the time of restructuring and at the time of recapture.

31                  “(3) PERCENTAGE OF RECAPTURE.—The amount of the appreciation to be recaptured by  
32                  the Secretary shall be—

33                         “(A) 75 percent of the appreciation in the value of the real security property if the  
34                         recapture occurs not later than 4 years after the date of restructuring; and

35                         “(B) 50 percent if the recapture occurs during the remainder of the term of the  
36                         agreement.

37                  “(4) TIME OF RECAPTURE.—Recapture shall take place on the date that is the earliest of—

38                         “(A) the end of the term of the agreement;

39                         “(B) the conveyance of the real security property;

1           “(C) the repayment of the loans; or

2           “(D) the cessation of farming operations by the borrower.

3           “(5) TRANSFER OF TITLE.—Transfer of title to the spouse of a borrower on the death of  
4 the borrower shall not be treated as a conveyance for the purpose of paragraph (4).

5           “(6) NOTICE OF RECAPTURE.—Not later than 12 months before the end of the term of a  
6 shared appreciation arrangement, the Secretary shall notify the borrower involved of the  
7 provisions of the arrangement.

8           “(7) FINANCING OF RECAPTURE PAYMENT.—

9           “(A) IN GENERAL.—The Secretary may amortize a recapture payment owed to the  
10 Secretary under this subsection.

11           “(B) TERM.—The term of an amortization under this paragraph may not exceed 25  
12 years.

13           “(C) INTEREST RATE.—The interest rate applicable to an amortization under this  
14 paragraph may not exceed the rate applicable to a loan to reacquire homestead property  
15 less 100 basis points.

16           “(D) REAMORTIZATION.—

17           “(i) IN GENERAL.—The Secretary may modify the amortization of a recapture  
18 payment referred to in subparagraph (A) of this paragraph on which a payment  
19 has become delinquent if—

20                   “(I) the default is due to circumstances beyond the control of the borrower;  
21 and

22                   “(II) the borrower acted in good faith (as determined by the Secretary) in  
23 attempting to repay the recapture amount.

24           “(ii) LIMITATIONS.—

25                   “(I) TERM OF REAMORTIZATION.—The term of a reamortization under this  
26 subparagraph may not exceed 25 years from the date of the original  
27 amortization agreement.

28                   “(II) NO REDUCTION OR PRINCIPAL OR UNPAID INTEREST DUE.—A  
29 reamortization of a recapture payment under this subparagraph may not  
30 provide for reducing the outstanding principal or unpaid interest due on the  
31 recapture payment.

32           “(f) Interest Rates.—Any loan for farm ownership purposes, farm operating purposes, or  
33 disaster emergency purposes, other than a guaranteed loan, that is deferred, consolidated,  
34 rescheduled, or reamortized shall, notwithstanding any other provision of this subtitle, bear  
35 interest on the balance of the original loan and for the term of the original loan at a rate that is the  
36 lowest of—

37                   “(1) the rate of interest on the original loan;

38                   “(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the  
39 same type at the time at which the borrower applies for a deferral, consolidation,

1 rescheduling, or reamortization; or

2 “(3) the rate being charged by the Secretary for loans, other than guaranteed loans, of the  
3 same type at the time of the deferral, consolidation, rescheduling, or reamortization.

4 “(g) Prerequisites to Foreclosure or Liquidation.—No foreclosure or other similar action shall  
5 be taken to liquidate any loan determined to be ineligible for restructuring by the Secretary under  
6 this section—

7 “(1) until the borrower has been given the opportunity to appeal the decision; and

8 “(2) if the borrower appeals, the appeals process has been completed, and a determination  
9 has been made that the loan is ineligible for restructuring.

10 “(h) Notice of Ineligibility for Restructuring.—

11 “(1) IN GENERAL.—A notice of ineligibility for restructuring shall be sent to the borrower  
12 by registered or certified mail not later than 15 days after a determination of ineligibility.

13 “(2) CONTENTS.—The notice required under paragraph (1) shall contain—

14 “(A) the determination and the reasons for the determination;

15 “(B) the computations used to make the determination, including the calculation of  
16 the recovery value of the collateral securing the loan; and

17 “(C) a statement of the right of the borrower to appeal the decision to the appeals  
18 division, and to appear before a hearing officer.

19 “(i) Independent Appraisals.—

20 “(1) IN GENERAL.—An appeal may include a request by the borrower for an independent  
21 appraisal of any property securing the loan.

22 “(2) PROCESS FOR APPRAISAL.—On a request under paragraph (1), the Secretary shall  
23 present the borrower with a list of 3 appraisers approved by the county supervisor, from  
24 which the borrower shall select an appraiser to conduct the appraisal.

25 “(3) COST.—The cost of an appraisal under this subsection shall be paid by the borrower.

26 “(4) RESULT.—The result of an appraisal under this subsection shall be considered in any  
27 final determination concerning the loan.

28 “(5) COPY.—A copy of any appraisal under this subsection shall be provided to the  
29 borrower.

30 “(j) Partial Liquidations.—If a partial liquidation of a delinquent loan is performed (with the  
31 prior consent of the Secretary) as part of loan servicing by a guaranteed lender under this title,  
32 the Secretary shall not require full liquidation of the loan for the lender to be eligible to receive  
33 payment on losses.

34 “(k) Only 1 Write-down or Net Recovery Buy-out Per Borrower for a Loan Made After  
35 January 6, 1988.—

36 “(1) IN GENERAL.—The Secretary may provide for each borrower not more than 1  
37 write-down or net recovery buy-out under this section with respect to all loans made to the  
38 borrower after January 6, 1988.

1           “(2) SPECIAL RULE.—For purposes of paragraph (1), the Secretary shall treat any loan  
2           made on or before January 6, 1988, with respect to which a restructuring, write-down, or net  
3           recovery buy-out is provided under this section after January 6, 1988, as a loan made after  
4           January 6, 1988.

5           “(l) Liquidation of Assets.—The Secretary may not use the authority provided by this section  
6           to reduce or terminate any portion of the debt of the borrower that the borrower could pay  
7           through the liquidation of assets (or through the payment of the loan value of the assets, if the  
8           loan value is greater than the liquidation value) described in subsection (c)(2)(A)(ii).

9           “(m) Lifetime Limitation on Debt Forgiveness Per Borrower.—The Secretary may provide  
10          each borrower not more than \$300,000 in principal and interest forgiveness under this section.

11          **“SEC. 3412. RELIEF FOR MOBILIZED MILITARY**  
12          **RESERVISTS FROM CERTAIN AGRICULTURAL LOAN**  
13          **OBLIGATIONS.**

14          “(a) Definition of Mobilized Military Reservist.—In this section, the term ‘mobilized military  
15          reservist’ means an individual who—

16               “(1) is on active duty under section 688, 12301(a), 12301(g), 12302, 12304, 12306, or  
17               12406, or chapter 15 of title 10, United States Code, or any other provision of law during a  
18               war or during a national emergency declared by the President or Congress, regardless of the  
19               location at which the active duty service is performed; or

20               “(2) in the case of a member of the National Guard, is on full-time National Guard duty  
21               (as defined in section 101(d)(5) of title 10, United States Code) under a call to active service  
22               authorized by the President or the Secretary of Defense for a period of more than 30  
23               consecutive days under section 502(f) of title 32, United States Code, for purposes of  
24               responding to a national emergency declared by the President and supported by Federal  
25               funds.

26          “(b) Forgiveness of Interest Payments Due While Borrower Is a Mobilized Military  
27          Reservist.—Any requirement that a borrower of a direct loan made under this subtitle make any  
28          interest payment on the loan that would otherwise be required to be made while the borrower is a  
29          mobilized military reservist is rescinded.

30          “(c) Deferral of Principal Payments Due While or After Borrower Is a Mobilized Military  
31          Reservist.—The due date of any payment of principal on a direct loan made to a borrower under  
32          this subtitle that would otherwise be required to be made while or after the borrower is a  
33          mobilized military reservist is deferred for a period equal in length to the period for which the  
34          borrower is a mobilized military reservist.

35          “(d) Nonaccrual of Interest.—Interest on a direct loan made to a borrower described in this  
36          section shall not accrue during the period the borrower is a mobilized military reservist.

37          “(e) Borrower Not Considered to Be Delinquent or Receiving Debt  
38          Forgiveness.—Notwithstanding section 3425 or any other provision of this title, a borrower who  
39          receives assistance under this section shall not, as a result of the assistance, be considered to be  
40          delinquent or receiving debt forgiveness for purposes of receiving a direct or guaranteed loan  
41          under this subtitle.

1 **“SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

2 “(a) Establishment of Program.—The Secretary shall establish and carry out in accordance  
3 with this section an interest rate reduction program for any loan guaranteed under this subtitle.

4 “(b) Entering Into Contracts.—The Secretary shall enter into a contract with, and make  
5 payments to, an institution to reduce, during the term of the contract, the interest rate paid by the  
6 borrower on the guaranteed loan if—

7 “(1) the borrower—

8 “(A) is unable to obtain credit elsewhere;

9 “(B) is unable to make payments on the loan in a timely manner; and

10 “(C) during the 24-month period beginning on the date on which the contract is  
11 entered into, has a total estimated cash income, including all farm and nonfarm  
12 income, that will equal or exceed the total estimated cash expenses, including all farm  
13 and nonfarm expenses, to be incurred by the borrower during the period; and

14 “(2) during the term of the contract, the lender reduces the annual rate of interest payable  
15 on the loan by a minimum percentage specified in the contract.

16 “(c) Payments.—

17 “(1) IN GENERAL.—Subject to paragraph (2), in return for a contract entered into by a  
18 lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary  
19 shall make payments to the lender in an amount equal to not more than 100 percent of the  
20 cost of reducing the annual rate of interest payable on the loan.

21 “(2) LIMITATION.—Payments under paragraph (1) may not exceed the cost of reducing  
22 the rate by more than 400 basis points.

23 “(d) Term.—The term of a contract entered into under this section to reduce the interest rate  
24 on a guaranteed loan may not exceed the outstanding term of the loan.

25 “(e) List of Approved Lenders.—The Secretary shall make available to any farmer, on request,  
26 a list of lenders in the area that participate in guaranteed farm loan programs established under  
27 this subtitle, and other lenders in the area that express a desire to participate in the programs and  
28 that request inclusion on the list.

29 “(f) Condition on Foreclosure.—Notwithstanding any other law, any contract of guarantee on  
30 a farm loan entered into under this subtitle shall contain a condition that the lender of the loan  
31 may not initiate a foreclosure action on the loan until 60 days after a determination is made with  
32 respect to the eligibility of the borrower to participate in the program established under this  
33 section.

34 **“SEC. 3414. HOMESTEAD PROPERTY.**

35 “(a) Definitions.—In this section:

36 “(1) ADMINISTRATOR.—The term ‘Administrator’ means the Administrator of the Small  
37 Business Administration.

38 “(2) BORROWER-OWNER.—The term ‘borrower-owner’ means—

1           “(A) a borrower-owner of a loan made or guaranteed by the Secretary or the  
2 Administrator who meets the eligibility requirements of subsection (c)(1); or

3           “(B) in a case in which an owner of homestead property pledged the property to  
4 secure the loan and the owner is different than the borrower, the owner.

5           “(3) FARM PROGRAM LOAN.—The term ‘farm program loan’ means a loan made by the  
6 Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes  
7 authorized for loans under chapter 1 or 2.

8           “(4) HOMESTEAD PROPERTY.—The term ‘homestead property’ means—

9           “(A) the principal residence and adjoining property possessed and occupied by a  
10 borrower-owner, including a reasonable number of farm outbuildings located on the  
11 adjoining land that are useful to any occupant of the homestead; and

12           “(B) not more than 10 acres of adjoining land that is used to maintain the family of  
13 the borrower-owner.

14           “(b) Retention of Homestead Property.—

15           “(1) IN GENERAL.—The Secretary or the Administrator shall, on application by a  
16 borrower-owner who meets the eligibility requirements of subsection (c)(1), permit the  
17 borrower-owner to retain possession and occupancy of homestead property under the terms  
18 set forth, and until the action described in this section has been completed, if—

19           “(A) the Secretary forecloses or takes into inventory property securing a loan made  
20 under this subtitle;

21           “(B) the Administrator forecloses or takes into inventory property securing a farm  
22 program loan made under the Small Business Act (15 U.S.C. 631 et seq.); or

23           “(C) the borrower-owner of a loan made by the Secretary or the Administrator files a  
24 petition in bankruptcy that results in the conveyance of the homestead property to the  
25 Secretary or the Administrator, or agrees to voluntarily liquidate or convey the  
26 property in whole or in part.

27           “(2) PERIOD OF OCCUPANCY.—Subject to subsection (c), the Secretary or the  
28 Administrator shall not grant a period of occupancy of less than 3 nor more than 5 years.

29           “(c) Eligibility.—

30           “(1) IN GENERAL.—To be eligible to occupy homestead property, a borrower-owner of a  
31 loan made by the Secretary or the Administrator shall—

32           “(A) apply for the occupancy not later than 30 days after the property is acquired by  
33 the Secretary or Administrator;

34           “(B) have received from farming operations gross farm income that is reasonably  
35 commensurate with—

36           “(i) the size and location of the farming unit of the borrower-owner; and

37           “(ii) local agricultural conditions (including natural and economic conditions),  
38 during at least 2 calendar years of the 6-year period preceding the calendar year in  
39 which the application is made;

1           “(C) have received from farming operations at least 60 percent of the gross annual  
2 income of the borrower-owner and any spouse of the borrower-owner during at least 2  
3 calendar years of the 6-year period described in subparagraph (B);

4           “(D) have continuously occupied the homestead property during the 6-year period  
5 described in subparagraph (B), except that the requirement of this subparagraph may  
6 be waived if a borrower-owner, due to circumstances beyond the control of the  
7 borrower-owner, had to leave the homestead property for a period of time not to  
8 exceed 12 months during the 6-year period;

9           “(E) during the period of occupancy of the homestead property, pay a reasonable  
10 sum as rent for the property to the Secretary or the Administrator in an amount  
11 substantially equivalent to rents charged for similar residential properties in the area in  
12 which the homestead property is located;

13           “(F) during the period of the occupancy of the homestead property, maintain the  
14 property in good condition; and

15           “(G) meet such other reasonable and necessary terms and conditions as the Secretary  
16 may require.

17           “(2) DEFINITION OF FARMING OPERATIONS.—In subparagraphs (B) and (C) of paragraph  
18 (1), the term ‘farming operations’ includes rent paid by a lessee of agricultural land during a  
19 period in which the borrower-owner, due to circumstances beyond the control of the  
20 borrower-owner, is unable to actively farm the land.

21           “(3) TERMINATION OF RIGHTS.—

22           “(A) IN GENERAL.—For purposes of paragraph (1)(E), the failure of the  
23 borrower-owner to make a timely rental payment shall constitute cause for the  
24 termination of all rights of the borrower-owner to possession and occupancy of the  
25 homestead property under this section.

26           “(B) PROCEDURE FOR TERMINATION.—In effecting a termination under subparagraph  
27 (A), the Secretary shall—

28           “(i) afford the borrower-owner or lessee the notice and hearing procedural  
29 rights described in subtitle H of the Department of Agriculture Reorganization  
30 Act of 1994 (7 U.S.C. 6991 et seq.); and

31           “(ii) comply with any applicable State and local law governing eviction of a  
32 person from residential property.

33           “(4) RIGHTS OF BORROWER-OWNER.—

34           “(A) PERIOD OF OCCUPANCY.—Subject to subsection (b)(2), the period of occupancy  
35 allowed the borrower-owner of homestead property under this section shall be the  
36 period requested in writing by the borrower-owner.

37           “(B) RIGHT TO REACQUIRE.—

38           “(i) IN GENERAL.—During the period the borrower-owner occupies the  
39 homestead property, the borrower-owner shall have a right to reacquire the  
40 homestead property on such terms and conditions as the Secretary shall

1 determine.

2 “(ii) INDEPENDENT APPRAISAL.—The Secretary may not demand a payment for  
3 the homestead property that is in excess of the current market value of the  
4 homestead property as established by an independent appraisal.

5 “(iii) CONDUCT OF APPRAISAL.—An independent appraisal under clause (ii)  
6 shall be conducted by an appraiser selected by the borrower-owner from a list of 3  
7 appraisers approved by the county supervisor.

8 “(5) TRANSFER OF RIGHTS.—

9 “(A) IN GENERAL.—Except as provided in subparagraph (B), no right of a  
10 borrower-owner under this section, and no agreement entered into between the  
11 borrower-owner and the Secretary for occupancy of the homestead property, shall be  
12 transferable or assignable by the borrower-owner or by operation of law.

13 “(B) DEATH OR INCOMPETENCY.—In the case of death or incompetency of the  
14 borrower-owner, the right and agreement shall be transferable to a spouse of the  
15 borrower-owner if the spouse agrees to comply with any terms and conditions of the  
16 right or agreement.

17 “(6) NOTIFICATION.—Not later than the date of acquisition of the property securing a loan  
18 made under this title, the Secretary shall notify the borrower-owner of the property of the  
19 availability of homestead protection rights under this section.

20 “(d) End of Period of Occupancy.—

21 “(1) IN GENERAL.—At the end of the period of occupancy allowed a borrower-owner  
22 under subsection (c), the Secretary or the Administrator shall grant to the borrower-owner a  
23 right of first refusal to reacquire the homestead property on such terms and conditions  
24 (which may include payment of principal in installments) as the Secretary or the  
25 Administrator shall determine.

26 “(2) TERMS AND CONDITIONS.—The terms and conditions granted under paragraph (1)  
27 may not be less favorable than those offered by the Secretary or Administrator or intended  
28 by the Secretary or Administrator to be offered to any other buyer.

29 “(e) Maximum Payment of Principal.—

30 “(1) IN GENERAL.—At the time a reacquisition agreement is entered into, the Secretary or  
31 the Administrator may not demand a total payment of principal that is in excess of the value  
32 of the homestead property.

33 “(2) DETERMINATION OF VALUE.—To the maximum extent practicable, the value of the  
34 homestead property shall be determined by an independent appraisal made during the 180  
35 day period beginning on the date of receipt of the application of the borrower-owner to  
36 retain possession and occupancy of the homestead property.

37 “(f) Title Not Needed to Enter Into Contracts.—The Secretary may enter into a contract  
38 authorized by this section before the Secretary acquires title to the homestead property that is the  
39 subject of the contract.

40 “(g) State Law Prevails.—In the event of a conflict between this section and a provision of

1 State law relating to the right of a borrower-owner to designate for separate sale or redeem part  
2 or all of the real property securing a loan foreclosed on by a lender to the borrower-owner, the  
3 provision of State law shall prevail.

#### 4 “SEC. 3415. TRANSFER OF INVENTORY LAND.

5 “(a) In General.—Subject to subsection (b), the Secretary may transfer to a Federal or State  
6 agency, for conservation purposes, any real property, or interest in real property, administered by  
7 the Secretary under this subtitle—

8 “(1) with respect to which the rights of all prior owners and operators have expired;

9 “(2) that is eligible to be disposed of in accordance with section 3409; and

10 “(3) that—

11 “(A) has marginal value for agricultural production;

12 “(B) is environmentally sensitive; or

13 “(C) has special management importance.

14 “(b) Conditions.—The Secretary may not transfer any property or interest in property under  
15 subsection (a) unless—

16 “(1) at least 2 public notices are given of the transfer;

17 “(2) if requested, at least 1 public meeting is held prior to the transfer; and

18 “(3) the Governor and at least 1 elected county official of the State and county in which  
19 the property is located are consulted prior to the transfer.

#### 20 “SEC. 3416. TARGET PARTICIPATION RATES.

21 “(a) Establishment.—

22 “(1) IN GENERAL.—The Secretary shall establish annual target participation rates, on a  
23 county-wide basis, that shall ensure that members of socially disadvantaged groups shall—

24 “(A) receive loans made or guaranteed under chapter 1; and

25 “(B) have the opportunity to purchase or lease farmland acquired by the Secretary  
26 under this subtitle.

27 “(2) GROUP POPULATION.—Except as provided in paragraph (3), in establishing the target  
28 rates, the Secretary shall take into consideration—

29 “(A) the portion of the population of the county made up of the socially  
30 disadvantaged groups; and

31 “(B) the availability of inventory farmland in the county.

32 “(3) GENDER.—In the case of gender, target participation rates shall take into  
33 consideration the number of current and potential socially disadvantaged farmers in a State  
34 in proportion to the total number of farmers in the State.

35 “(b) Reservation and Allocation.—

1           “(1) RESERVATION.—To the maximum extent practicable, the Secretary shall reserve  
2 sufficient loan funds made available under chapter 1 for use by members of socially  
3 disadvantaged groups identified under target participation rates established under subsection  
4 (a).

5           “(2) ALLOCATION.—The Secretary shall allocate the loans on the basis of the proportion  
6 of members of socially disadvantaged groups in a county and the availability of inventory  
7 farmland, with the greatest amount of loan funds being distributed in the county with the  
8 greatest proportion of socially disadvantaged group members and the greatest quantity of  
9 available inventory farmland.

10           “(3) INDIAN RESERVATIONS.—In distributing loan funds in counties within the boundaries  
11 of an Indian reservation, the Secretary shall allocate the funds on a reservation-wide basis.

12           “(c) Operating Loans.—

13           “(1) ESTABLISHMENT.—

14           “(A) IN GENERAL.—The Secretary shall establish annual target participation rates  
15 that shall ensure that socially disadvantaged farmers receive loans made or guaranteed  
16 under chapter 2.

17           “(B) CONSIDERATIONS.—In establishing the target rates, the Secretary shall consider  
18 the number of socially disadvantaged farmers in a State in proportion to the total  
19 number of farmers in the State.

20           “(2) RESERVATION AND ALLOCATION.—

21           “(A) IN GENERAL.—To the maximum extent practicable, the Secretary shall reserve  
22 and allocate the proportion of the loan funds of each State made available under  
23 chapter 2 that is equal to the target participation rate of the State for use by the socially  
24 disadvantaged farmers in the State.

25           “(B) DISTRIBUTION.—To the maximum extent practicable, the Secretary shall  
26 distribute the total loan funds reserved under subparagraph (A) on a county-by-county  
27 basis according to the number of socially disadvantaged farmers in the county.

28           “(C) REALLOCATION OF UNUSED FUNDS.—Any funds reserved and allocated for  
29 purposes of this paragraph, but not used, shall be reallocated within the applicable  
30 State.

31           “(d) Report.—The Secretary shall prepare and submit to the Committee on Agriculture of the  
32 House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the  
33 Senate a report that describes the annual target participation rates and the success in meeting the  
34 rates.

35           “(e) Implementation Consistent With Supreme Court Holding.—Not later than 180 days after  
36 April 4, 1996, the Secretary shall ensure that the implementation of this section is consistent with  
37 the holding of the Supreme Court in *Adarand Constructors, Inc. v. Federico Pena*, Secretary of  
38 Transportation, 115 S. Ct. 2097 (1995).

39           **“SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS**  
40 **OR CLAIMS BY GUARANTEED LENDER.**

1 “(a) Loss by Lender.—If the lender of a guaranteed farmer program loan takes any action  
2 described in section 3903(a)(4) with respect to the loan and the Secretary approves the action, for  
3 purposes of the guarantee, the lender shall be treated as having sustained a loss equal to the  
4 amount by which—

5 “(1) the outstanding balance of the loan immediately before the action; exceeds

6 “(2) the outstanding balance of the loan immediately after the action.

7 “(b) Net Present Value of Loan.—The Secretary shall approve the taking of an action  
8 described in section 3903(a)(4) by the lender of a guaranteed farmer program loan with respect  
9 to the loan if the action reduces the net present value of the loan to an amount equal to not less  
10 than the greater of—

11 “(1) the greatest net present value of a loan the borrower could reasonably be expected to  
12 repay; and

13 “(2) the difference between—

14 “(A) the greatest amount that the lender of the loan could reasonably expect to  
15 recover from the borrower through bankruptcy, or liquidation of the property securing  
16 the loan; and

17 “(B) all reasonable and necessary costs and expenses that the lender of the loan  
18 could reasonably expect to incur to preserve or dispose of the property (including all  
19 associated legal and property management costs) in the course of such a bankruptcy or  
20 liquidation.

21 “(c) No Limitation on Authority.—This section shall not limit the authority of the Secretary to  
22 enter into a shared appreciation arrangement with a borrower under section 3411(e).

## 23 “SEC. 3418. WAIVER OF MEDIATION RIGHTS BY 24 BORROWERS.

25 “The Secretary may not make or guarantee any farmer program loan to a farm borrower on the  
26 condition that the borrower waive any right under the mediation program of any State.

## 27 “SEC. 3419. BORROWER TRAINING.

28 “(a) In General.—The Secretary shall contract to provide educational training to all borrowers  
29 of direct and guaranteed farmer program loans made under this subtitle in financial and farm  
30 management concepts associated with commercial farming.

31 “(b) Contract.—

32 “(1) IN GENERAL.—The Secretary may contract with a State or private provider of farm  
33 management and credit counseling services (including a community college, the extension  
34 service of a State, a State department of agriculture, or a nonprofit organization) to carry out  
35 this section.

36 “(2) CONSULTATION.—The Secretary may consult with the chief executive officer of a  
37 State concerning the identity of the contracting organization and the process for contracting.

38 “(c) Eligibility for Loans.—

1           “(1) IN GENERAL.—Subject to paragraph (2), to be eligible to obtain a direct or  
2 guaranteed loan under this subtitle, a borrower shall be required to obtain management  
3 assistance under this section, appropriate to the management ability of the borrower, as  
4 determined by the appropriate county committee, during the determination of eligibility for  
5 the loan.

6           “(2) LOAN CONDITIONS.—The need of a borrower who satisfies the criteria set out in  
7 section 3101(b)(1)(B) or 3201(b)(1)(B) for management assistance under this section shall  
8 not be cause for denial of eligibility of the borrower for a direct or guaranteed loan under  
9 this subtitle.

10          “(d) Guidelines and Curriculum.—The Secretary shall issue regulations establishing  
11 guidelines and curriculum for the borrower training program established under this section.

12          “(e) Payment.—A borrower—

13           “(1) shall pay for training received under this section; and

14           “(2) may use funds from operating loans made under chapter 2 to pay for the training.

15          “(f) Waivers.—

16           “(1) IN GENERAL.—The Secretary may waive the requirements of this section for an  
17 individual borrower on a determination by the county committee that the borrower  
18 demonstrates adequate knowledge in areas described in this section.

19           “(2) CRITERIA.—The Secretary shall establish criteria providing for the application of  
20 paragraph (1) consistently in all counties nationwide.

## 21   “SEC. 3420. LOAN ASSESSMENTS.

22          “(a) In General.—After an applicant is determined to be eligible for assistance under this title  
23 by the appropriate county committee, the Secretary shall evaluate, in accordance with regulations  
24 issued by the Secretary, the farming plan and financial situation of each qualified farmer  
25 applicant.

26          “(b) Determinations.—In evaluating the farming plan and financial situation of an applicant  
27 under this section, the Secretary shall determine—

28           “(1) the amount that the applicant needs to borrow to carry out the proposed farming  
29 plan;

30           “(2) the rate of interest that the applicant would need to be able to cover expenses and  
31 build an adequate equity base;

32           “(3) the goals of the proposed farming plan of the applicant;

33           “(4) the financial viability of the plan and any changes that are necessary to make the  
34 plan viable; and

35           “(5) whether assistance is necessary under this title and, if so, the amount of the  
36 assistance.

37          “(c) Contract.—The Secretary may contract with a third party (including an entity that is  
38 eligible to provide borrower training under section 3419(b)) to conduct a loan assessment under  
39 this section.

1 “(d) Review of Loans.—

2 “(1) IN GENERAL.—Loan assessments conducted under this section shall include biannual  
3 review of direct loans, and periodic review (as determined necessary by the Secretary) of  
4 guaranteed loans, made under this title to assess the progress of a borrower in meeting the  
5 goals for the farm operation.

6 “(2) CONTRACTS.—The Secretary may contract with an entity that is eligible to provide  
7 borrower training under section 3419(b) to conduct a loan review under paragraph (1).

8 “(3) PROBLEM ASSESSMENTS.—If a borrower is delinquent in payments on a direct or  
9 guaranteed loan made under this title, the Secretary or the contracting entity shall determine  
10 the cause of, and action necessary to correct, the delinquency.

11 “(e) Guidelines.—The Secretary shall issue regulations providing guidelines for loan  
12 assessments conducted under this section.

### 13 “SEC. 3421. SUPERVISED CREDIT.

14 “The Secretary shall provide adequate training to employees of the Farm Service Agency on  
15 credit analysis and financial and farm management—

16 “(1) to better acquaint the employees with what constitutes adequate financial data on  
17 which to base a direct or guaranteed loan approval decision; and

18 “(2) to ensure proper supervision of farmer program loans.

### 19 “SEC. 3422. MARKET PLACEMENT.

20 “The Secretary shall establish a market placement program for a qualified beginning farmer  
21 and any other borrower of farmer program loans that the Secretary believes has a reasonable  
22 chance of qualifying for commercial credit with a guarantee provided under this subtitle.

### 23 “SEC. 3423. RECORDKEEPING OF LOANS BY GENDER 24 OF BORROWER.

25 “The Secretary shall classify, by gender, records of applicants for loans and loan guarantees  
26 under this subtitle.

### 27 “SEC. 3424. CROP INSURANCE REQUIREMENT.

28 “(a) In General.—As a condition of obtaining any benefit (including a direct loan, loan  
29 guarantee, or payment) described in subsection (b), a borrower shall be required to obtain at least  
30 catastrophic risk protection insurance coverage under section 508 of the Federal Crop Insurance  
31 Act (7 U.S.C. 1508) for the crop and crop year for which the benefit is sought, if the coverage is  
32 offered by the Federal Crop Insurance Corporation.

33 “(b) Applicable Benefits.—Subsection (a) shall apply to—

34 “(1) a farm ownership loan under section 3102;

35 “(2) an operating loan under section 3202; and

36 “(3) an emergency loan under section 3301.

1 “SEC. 3425. LOAN AND LOAN SERVICING  
2 LIMITATIONS.

3 “(a) Delinquent Borrowers Prohibited From Obtaining Direct Operating Loans.—The  
4 Secretary may not make a direct operating loan under chapter 2 to a borrower who is delinquent  
5 on any loan made or guaranteed under this subtitle.

6 “(b) Loans Prohibited for Borrowers That Have Received Debt Forgiveness.—

7 “(1) PROHIBITIONS.—Except as provided in paragraph (2)—

8 “(A) the Secretary may not make a loan under this subtitle to a borrower that has  
9 received debt forgiveness on a loan made or guaranteed under this title; and

10 “(B) the Secretary may not guarantee a loan under this subtitle to a borrower that has  
11 received—

12 “(i) debt forgiveness after April 4, 1996, on a loan made or guaranteed under  
13 this title; or

14 “(ii) received debt forgiveness on more than 3 occasions on or before April 4,  
15 1996.

16 “(2) EXCEPTIONS.—

17 “(A) IN GENERAL.—The Secretary may make a direct or guaranteed farm operating  
18 loan for paying annual farm or ranch operating expenses of a borrower who—

19 “(i) was restructured with a write-down under section 3411;

20 “(ii) is current on payments under a confirmed reorganization plan under  
21 chapters 11, 12, or 13 of title 11 of the United States Code; or

22 “(iii) received debt forgiveness on not more than 1 occasion resulting directly  
23 and primarily from a major disaster or emergency designated by the President on  
24 or after April 4, 1996, under the Robert T. Stafford Disaster Relief and  
25 Emergency Assistance Act (42 U.S.C. 5121 et seq.).

26 “(B) EMERGENCY LOANS.—The Secretary may make an emergency loan under  
27 section 3301 to a borrower that—

28 “(i) on or before April 4, 1996, received not more than 1 debt forgiveness on a  
29 loan made or guaranteed under this title; and

30 “(ii) after April 4, 1996, has not received debt forgiveness on a loan made or  
31 guaranteed under this title.

32 “(c) No More Than 1 Debt Forgiveness for a Borrower on a Direct Loan.—The Secretary may  
33 not provide to a borrower debt forgiveness on a direct loan made under this subtitle if the  
34 borrower has received debt forgiveness on another direct loan made under this subtitle.

35 “SEC. 3426. SHORT FORM CERTIFICATION OF FARM  
36 PROGRAM BORROWER COMPLIANCE.

37 “The Secretary shall develop and use a consolidated short form for farmer program loan

1 borrowers to use in certifying compliance with any applicable provision of law (including a  
2 regulation) that serves as an eligibility prerequisite for a loan made under this subtitle.

3 **“SEC. 3427. TRANSFER OF LAND TO SECRETARY.**

4 “The President may at any time, in the discretion of the President, transfer to the Secretary any  
5 right, interest, or title held by the United States in any land acquired in the program of national  
6 defense and no longer needed for that purpose that the President finds suitable for the purposes  
7 of this title, and the Secretary shall dispose of the transferred land in the manner and subject to  
8 the terms and conditions of this title.

9 **“SEC. 3428. COMPETITIVE SOURCING LIMITATIONS.**

10 “The Secretary may not complete a study of, or enter into a contract with a private party to  
11 carry out, without specific authorization in a subsequent Act of Congress, a competitive sourcing  
12 activity of the Secretary, including support personnel of the Department, relating to rural  
13 development or farm loan programs.

14 **“SEC. 3429. PROHIBITION ON USE OF LOANS FOR  
15 CERTAIN PURPOSES.**

16 “(a) In General.—Except as provided in subsection (b), the Secretary shall not approve any  
17 loan under this subtitle—

18 “(1) to drain, dredge, fill, level, or otherwise manipulate a wetland (as defined in section  
19 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a))); or

20 “(2) to engage in any activity that results in impairing or reducing the flow, circulation, or  
21 reach of water.

22 “(b) Exceptions.—Subsection (a) shall not apply—

23 “(1) in the case of activity related to the maintenance of previously converted wetland;

24 “(2) in the case of such activity that is already commenced before November 28, 1990; or

25 “(3) to a loan made or guaranteed under this title for a utility line.

26 **“SEC. 3430. BEGINNING FARMER AND RANCHER  
27 INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT  
28 PROGRAM.**

29 “(a) Definitions.—In this section:

30 “(1) DEMONSTRATION PROGRAM.—The term ‘demonstration program’ means a  
31 demonstration program carried out by a qualified entity under the pilot program established  
32 in subsection (b)(1).

33 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligible participant’ means a qualified beginning  
34 farmer or rancher that—

35 “(A) lacks significant financial resources or assets; and

1           “(B) has an income that is less than—  
2                   “(i) 80 percent of the median income of the State in which the farmer or  
3                   rancher resides; or  
4                   “(ii) 200 percent of the most recent annual Federal Poverty Income Guidelines  
5                   published by the Department of Health and Human Services for the State.  
6           “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—The term ‘individual development account’  
7           means a savings account described in subsection (b)(4)(A).  
8           “(4) QUALIFIED ENTITY.—  
9                   “(A) IN GENERAL.—The term ‘qualified entity’ means—  
10                   “(i) 1 or more organizations—  
11                           “(I) described in section 501(c)(3) of the Internal Revenue Code of 1986;  
12                           and  
13                           “(II) exempt from taxation under section 501(a) of such Code; or  
14                   “(ii) a State, local, or tribal government submitting an application jointly with  
15                   an organization described in clause (i).  
16                   “(B) NO PROHIBITION ON COLLABORATION.—An organization described in  
17                   subparagraph (A)(i) may collaborate with a financial institution or for-profit  
18                   community development corporation to carry out the purposes of this section.  
19           “(b) Pilot Program.—  
20                   “(1) IN GENERAL.—The Secretary shall establish a pilot program to be known as the  
21                   ‘New Farmer Individual Development Accounts Pilot Program’ under which the Secretary  
22                   shall work through qualified entities to establish demonstration programs—  
23                           “(A) of at least 5 years in duration; and  
24                           “(B) in at least 15 States.  
25                   “(2) COORDINATION.—The Secretary shall operate the pilot program through, and in  
26                   coordination with the farm loan programs of, the Farm Service Agency.  
27           “(3) RESERVE FUNDS.—  
28                   “(A) IN GENERAL.—A qualified entity carrying out a demonstration program under  
29                   this section shall establish a reserve fund consisting of a non-Federal match of 50  
30                   percent of the total amount of the grant awarded to the demonstration program under  
31                   this section.  
32                   “(B) FEDERAL FUNDS.—After the qualified entity has deposited the non-Federal  
33                   matching funds described in subparagraph (A) in the reserve fund, the Secretary shall  
34                   provide the total amount of the grant awarded under this section to the demonstration  
35                   program for deposit in the reserve fund.  
36                   “(C) USE OF FUNDS.—Of the funds deposited under subparagraph (B) in the reserve  
37                   fund established for a demonstration program, the qualified entity carrying out the  
38                   demonstration program—

1                   “(i) may use up to 10 percent for administrative expenses; and  
2                   “(ii) shall use the remainder in making matching awards described in paragraph  
3                   (4)(B)(ii)(I).

4                   “(D) INTEREST.—Any interest earned on amounts in a reserve fund established  
5                   under subparagraph (A) may be used by the qualified entity as additional matching  
6                   funds for, or to administer, the demonstration program.

7                   “(E) GUIDANCE.—The Secretary shall issue guidance regarding the investment  
8                   requirements of reserve funds established under this paragraph.

9                   “(F) REVERSION.—On the date on which all funds remaining in any individual  
10                  development account established by a qualified entity have reverted under paragraph  
11                  (5)(B)(ii) to the reserve fund established by the qualified entity, there shall revert to the  
12                  Treasury of the United States a percentage of the amount (if any) in the reserve fund  
13                  equal to—

14                  “(i) the amount of Federal funds deposited in the reserve fund under  
15                  subparagraph (B) that were not used for administrative expenses; divided by

16                  “(ii) the total amount of funds deposited in the reserve fund.

17                  “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

18                  “(A) IN GENERAL.—A qualified entity receiving a grant under this section shall  
19                  establish and administer individual development accounts for eligible participants.

20                  “(B) CONTRACT REQUIREMENTS.—To be eligible to receive funds under this section  
21                  from a qualified entity, an eligible participant shall enter into a contract with only 1  
22                  qualified entity under which—

23                  “(i) the eligible participant agrees—

24                          “(I) to deposit a certain amount of funds of the eligible participant in a  
25                          personal savings account, as prescribed by the contractual agreement  
26                          between the eligible participant and the qualified entity;

27                          “(II) to use the funds described in subclause (I) only for 1 or more eligible  
28                          expenditures described in paragraph (5)(A); and

29                          “(III) to complete financial training; and

30                  “(ii) the qualified entity agrees—

31                          “(I) to deposit, not later than 1 month after an amount is deposited  
32                          pursuant to clause (i)(I), at least a 100-percent, and up to a 200-percent,  
33                          match of that amount into the individual development account established for  
34                          the eligible participant; and

35                          “(II) with uses of funds proposed by the eligible participant.

36                  “(C) LIMITATION.—

37                  “(i) IN GENERAL.—A qualified entity administering a demonstration program  
38                  under this section may provide not more than \$6,000 for each fiscal year in  
39                  matching funds to the individual development account established by the qualified

1 entity for an eligible participant.

2 “(ii) TREATMENT OF AMOUNT.—An amount provided under clause (i) shall not  
3 be considered to be a gift or loan for mortgage purposes.

4 “(5) ELIGIBLE EXPENDITURES.—

5 “(A) IN GENERAL.—An eligible expenditure described in this subparagraph is an  
6 expenditure—

7 “(i) to purchase farmland or make a down payment on an accepted purchase  
8 offer for farmland;

9 “(ii) to make mortgage payments on farmland purchased pursuant to clause (i),  
10 for up to 180 days after the date of the purchase;

11 “(iii) to purchase breeding stock, fruit or nut trees, or trees to harvest for  
12 timber; and

13 “(iv) for other similar expenditures, as determined by the Secretary.

14 “(B) TIMING.—

15 “(i) IN GENERAL.—An eligible participant may make an eligible expenditure at  
16 any time during the 2-year period beginning on the date on which the last  
17 matching funds are provided under paragraph (4)(B)(ii)(I) to the individual  
18 development account established for the eligible participant.

19 “(ii) UNEXPENDED FUNDS.—At the end of the period described in clause (i), any  
20 funds remaining in an individual development account established for an eligible  
21 participant shall revert to the reserve fund of the demonstration program under  
22 which the account was established.

23 “(c) Applications.—

24 “(1) IN GENERAL.—A qualified entity that seeks to carry out a demonstration program  
25 under this section may submit to the Secretary an application at such time, in such form, and  
26 containing such information as the Secretary may prescribe.

27 “(2) CRITERIA.—In considering whether to approve an application to carry out a  
28 demonstration program under this section, the Secretary shall assess—

29 “(A) the degree to which the demonstration program described in the application is  
30 likely to aid eligible participants in successfully pursuing new farming opportunities;

31 “(B) the experience and ability of the qualified entity to responsibly administer the  
32 demonstration program;

33 “(C) the experience and ability of the qualified entity in recruiting, educating, and  
34 assisting eligible participants to increase economic independence and pursue or  
35 advance farming opportunities;

36 “(D) the aggregate amount of direct funds from non-Federal public sector and  
37 private sources that are formally committed to the demonstration program as matching  
38 contributions;

39 “(E) the adequacy of the plan of the qualified entity to provide information relevant

1 to an evaluation of the demonstration program; and

2 “(F) such other factors as the Secretary considers to be appropriate.

3 “(3) PREFERENCES.—In considering an application to conduct a demonstration program  
4 under this section, the Secretary shall give preference to an application from a qualified  
5 entity that demonstrates—

6 “(A) a track record of serving clients targeted by the program, including, as  
7 appropriate, socially disadvantaged farmers or ranchers; and

8 “(B) expertise in dealing with financial management aspects of farming.

9 “(4) APPROVAL.—Not later than 1 year after the date of enactment of this section, in  
10 accordance with this section, the Secretary shall, on a competitive basis, approve such  
11 applications to conduct demonstration programs as the Secretary considers appropriate.

12 “(5) TERM OF AUTHORITY.—If the Secretary approves an application to carry out a  
13 demonstration program, the Secretary shall authorize the applicant to carry out the project  
14 for a period of 5 years, plus an additional 2 years to make eligible expenditures in  
15 accordance with subsection (b)(5)(B).

16 “(d) Grant Authority.—

17 “(1) IN GENERAL.—The Secretary shall make a grant to a qualified entity authorized to  
18 carry out a demonstration program under this section.

19 “(2) MAXIMUM AMOUNT OF GRANTS.—The aggregate amount of grant funds provided to a  
20 demonstration program carried out under this section shall not exceed \$250,000.

21 “(3) TIMING OF GRANT PAYMENTS.—The Secretary shall pay the amounts awarded under  
22 a grant made under this section—

23 “(A) on the awarding of the grant; or

24 “(B) pursuant to such payment plan as the qualified entity may specify.

25 “(e) Reports.—

26 “(1) ANNUAL PROGRESS REPORTS.—

27 “(A) IN GENERAL.—Not later than 60 days after the end of the calendar year in  
28 which the Secretary authorizes a qualified entity to carry out a demonstration program  
29 under this section, and annually thereafter until the conclusion of the demonstration  
30 program, the qualified entity shall prepare an annual report that includes, for the period  
31 covered by the report—

32 “(i) an evaluation of the progress of the demonstration program;

33 “(ii) information about the demonstration program, including the eligible  
34 participants and the individual development accounts that have been established;  
35 and

36 “(iii) such other information as the Secretary may require.

37 “(B) SUBMISSION OF REPORTS.—A qualified entity shall submit each report required  
38 under subparagraph (A) to the Secretary.

1           “(2) REPORTS BY THE SECRETARY.—Not later than 1 year after the date on which all  
2 demonstration programs under this section are concluded, the Secretary shall submit to  
3 Congress a final report that describes the results and findings of all reports and evaluations  
4 carried out under this section.

5           “(f) Annual Review.—The Secretary may conduct an annual review of the financial records of  
6 a qualified entity—

7           “(1) to assess the financial soundness of the qualified entity; and

8           “(2) to determine the use of grant funds made available to the qualified entity under this  
9 section.

10          “(g) Regulations.—In carrying out this section, the Secretary may promulgate regulations to  
11 ensure that the program includes provisions for—

12          “(1) the termination of demonstration programs;

13          “(2) control of the reserve funds in the case of such a termination;

14          “(3) transfer of demonstration programs to other qualified entities; and

15          “(4) remissions from a reserve fund to the Secretary in a case in which a demonstration  
16 program is terminated without transfer to a new qualified entity.

17          “(h) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
18 section \$5,000,000 for each of fiscal years 2012 through 2017.

## 19          “SEC. 3431. AUTHORIZATION OF APPROPRIATIONS 20          AND ALLOCATION OF FUNDS.

21          “(a) Authorization for Loans.—

22           “(1) IN GENERAL.—The Secretary may make or guarantee loans under chapters 1 and 2  
23 from the Agricultural Credit Insurance Fund for not more than \$4,226,000,000 for each of  
24 fiscal years 2012 through 2017, of which, for each fiscal year—

25           “(A) \$1,200,000,000 shall be for direct loans, of which—

26           “(i) \$350,000,000 shall be for farm ownership loans; and

27           “(ii) \$850,000,000 shall be for operating loans; and

28           “(B) \$3,026,000,000 shall be for guaranteed loans, of which—

29           “(i) \$1,000,000,000 shall be for guarantees of farm ownership loans; and

30           “(ii) \$2,026,000,000 shall be for guarantees of operating loans.

31          “(2) BEGINNING FARMERS.—

32           “(A) DIRECT LOANS.—

33           “(i) FARM OWNERSHIP LOANS.—

34           “(I) IN GENERAL.—Of the amounts made available under paragraph (1) for  
35 direct farm ownership loans, the Secretary shall reserve an amount that is not  
36 less than 75 percent of the total amount for qualified beginning farmers.

1                   “(II) DOWN PAYMENT LOANS; JOINT FINANCING ARRANGEMENTS.—Of the  
2                   amounts reserved for a fiscal year under subclause (I), the Secretary shall  
3                   reserve an amount not less than  $\frac{2}{3}$  of the amount for the down payment  
4                   loan program under section 3107 and joint financing arrangements under  
5                   section 3105 until April 1 of the fiscal year.

6                   “(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1)  
7                   for direct operating loans, the Secretary shall reserve for qualified beginning  
8                   farmers for each of fiscal years 2012 through 2017, an amount that is not less than  
9                   50 percent of the total amount.

10                   “(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Except as provided in clause  
11                   (i)(II), funds reserved for qualified beginning farmers under this subparagraph for  
12                   a fiscal year shall be reserved only until September 1 of the fiscal year.

13                   “(B) GUARANTEED LOANS.—

14                   “(i) FARM OWNERSHIP LOANS.—Of the amounts made available under  
15                   paragraph (1) for guarantees of farm ownership loans, the Secretary shall reserve  
16                   an amount that is not less than 40 percent of the total amount for qualified  
17                   beginning farmers.

18                   “(ii) OPERATING LOANS.—Of the amounts made available under paragraph (1)  
19                   for guarantees of operating loans, the Secretary shall reserve 40 percent for  
20                   qualified beginning farmers.

21                   “(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for qualified beginning  
22                   farmers under this subparagraph for a fiscal year shall be reserved only until April  
23                   1 of the fiscal year.

24                   “(C) RESERVED FUNDS FOR ALL QUALIFIED BEGINNING FARMERS.—If a qualified  
25                   beginning farmer meets the eligibility criteria for receiving a direct or guaranteed loan  
26                   under section 3101, 3107, or 3201, the Secretary shall make or guarantee the loan if  
27                   sufficient funds reserved under this paragraph are available to make or guarantee the  
28                   loan.

29                   “(3) TRANSFER FOR DOWN PAYMENT LOANS.—

30                   “(A) IN GENERAL.—Subject to subparagraph (B)—

31                   “(i) beginning on August 1 of each fiscal year, the Secretary shall use available  
32                   unsubsidized guaranteed farm operating loan funds to provide direct farm  
33                   ownership loans approved by the Secretary to qualified beginning farmers under  
34                   the down payment loan program established under section 3107, if sufficient  
35                   direct farm ownership loan funds are not otherwise available; and

36                   “(ii) beginning on September 1 of each fiscal year, the Secretary shall use  
37                   available unsubsidized guaranteed farm operating loan funds to provide direct  
38                   farm ownership loans approved by the Secretary to qualified beginning farmers, if  
39                   sufficient direct farm ownership loan funds are not otherwise available.

40                   “(B) LIMITATION.—The Secretary shall limit the transfer of funds under  
41                   subparagraph (A) so that all guaranteed farm operating loans that have been approved,

1 or will be approved, by the Secretary during the fiscal year will be made to the extent  
2 of available amounts.

3 “(4) TRANSFER FOR CREDIT SALES OF FARM INVENTORY PROPERTY.—

4 “(A) IN GENERAL.—Subject to subparagraphs (B) and (C), beginning on September  
5 1 of each fiscal year, the Secretary may use available funds made available under  
6 chapter 3 for the fiscal year to fund the credit sale of farm real estate in the inventory  
7 of the Secretary.

8 “(B) SUPPLEMENTAL APPROPRIATIONS.—The transfer authority provided under  
9 subparagraph (A) shall not apply to any funds made available to the Secretary for any  
10 fiscal year under an Act making supplemental appropriations.

11 “(C) LIMITATION.—The Secretary shall limit the transfer of funds under  
12 subparagraph (A) so that all emergency disaster loans that have been approved, or will  
13 be approved, by the Secretary during the fiscal year will be made to the extent of  
14 available amounts.

15 “(5) AVAILABILITY OF FUNDS.—Funds made available to carry out this subtitle shall  
16 remain available until expended.

17 “(b) Cost Projections.—

18 “(1) IN GENERAL.—The Secretary shall develop long-term cost projections for loan  
19 program authorizations required under subsection (a).

20 “(2) ANALYSIS.—Each projection under paragraph (1) shall include analyses of—

21 “(A) the long-term costs of the lending levels that the Secretary requests to be  
22 authorized under subsection (a); and

23 “(B) the long-term costs for increases in lending levels beyond those requested to be  
24 authorized, based on increments of \$10,000,000 or such other levels as the Secretary  
25 considers appropriate.

26 “(3) SUBMISSION TO CONGRESS.—The Secretary shall submit to the Committees on  
27 Agriculture and Appropriations of the House of Representatives and the Committees on  
28 Agriculture, Nutrition, and Forestry and Appropriations of the Senate reports containing the  
29 long-term cost projections for the 3-year period beginning with fiscal year 1983 and each  
30 3-year period thereafter at the time the requests for authorizations for those periods are  
31 submitted to Congress.

32 “(c) Low Income.—The Secretary shall provide notification to farm borrowers under this  
33 subtitle in the normal course of loan making and loan servicing operations, of the provisions of  
34 this subtitle relating to low-income, limited-resource borrowers and the procedures by which  
35 persons may apply for loans under the low-income, limited-resource borrower program.”.

36 ~~Subtitle B—State Agricultural Mediation Programs~~  
37 **B—Miscellaneous**

38 **SEC. 5101. STATE AGRICULTURAL MEDIATION**

1 **PROGRAMS.**

2 Section 506 of the Agricultural Credit Act of 1987 (7 U.S.C. 5106) is amended by striking  
3 “2015” and inserting “2017”.

4 **SEC. 5102. LOANS TO PURCHASERS OF HIGHLY**  
5 **FRACTIONATED LAND.**

6 The first section of Public Law 91–229 (25 U.S.C. 488) is amended in subsection (b)(1) by  
7 inserting “or to intermediaries in order to establish revolving loan funds for the purchase  
8 of highly fractionated land under that section” before the period at the end.

9 **SEC. 5103. REMOVAL OF DUPLICATIVE APPRAISALS.**

10 Notwithstanding any other law (including regulations), in making loans under the first  
11 section of Public Law 91–229 (25 U.S.C. 488), borrowers who are Indian tribes, members of  
12 Indian tribes, or tribal corporations shall only be required to obtain 1 appraisal under an  
13 appraisal standard recognized as of the date of enactment of this Act by the Secretary or  
14 the Secretary of the Interior.

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**TITLE VI—RURAL DEVELOPMENT [COMPLETE  
SUBSTITUTE AMENDMENT]**

**Subtitle A—Reorganization of the Consolidated Farm and Rural  
Development Act**

**SEC. 6001. REORGANIZATION OF THE CONSOLIDATED  
FARM AND RURAL DEVELOPMENT ACT.**

Title III of the Agricultural Act of 1961 (7 U.S.C. 1921 et seq.) is amended to read as follows:

**“TITLE III—AGRICULTURAL CREDIT**

**“SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.**

“(a) Short Title.—This title may be cited as the ‘Consolidated Farm and Rural Development Act’.

“(b) Table of Contents.—The table of contents of this title is as follows:

**“TITLE III—AGRICULTURAL CREDIT**

“Sec.3001.Short title; table of contents.

“Sec.3002.Definitions.

**“Subtitle A—Farmer Loans, Servicing, and Other Assistance**

**“Chapter 1—Farm Ownership Loans**

“Sec.3101.Farm ownership loans.

“Sec.3102.Purposes of loans.

“Sec.3103.Conservation loan and loan guarantee program.

“Sec.3104.Loan maximums.

“Sec.3105.Repayment requirements for farm ownership loans.

“Sec.3106.Limited-resource loans.

“Sec.3107.Downpayment loan program.

“Sec.3108.Beginning farmer or rancher and socially disadvantaged farmer or rancher contract land sales program.

**“Chapter 2—Operating Loans**

“Sec.3201.Operating loans.

“Sec.3202.Purposes of loans.

1 “Sec.3203.Restrictions on loans.

2 “Sec.3204.Terms of loans.

### 3 “Chapter 3—Emergency Loans

4 “Sec.3301.Emergency loans.

5 “Sec.3302.Purposes of loans.

6 “Sec.3303.Terms of loans.

7 “Sec.3304.Production losses.

### 8 “Chapter 4—General Farmer Loan Provisions

9 “Sec.3401.Agricultural Credit Insurance Fund.

10 “Sec.3402.Guaranteed farmer loans.

11 “Sec.3403.Provision of information to borrowers.

12 “Sec.3404.Notice of loan service programs.

13 “Sec.3405.Planting and production history guidelines.

14 “Sec.3406.Special conditions and limitations on loans.

15 “Sec.3407.Graduation of borrowers.

16 “Sec.3408.Debt adjustment and credit counseling.

17 “Sec.3409.Security servicing.

18 “Sec.3410.Contracts on loan security properties.

19 “Sec.3411.Debt restructuring and loan servicing.

20 “Sec.3412.Relief for mobilized military reservists from certain agricultural loan obligations.

21 “Sec.3413.Interest rate reduction program.

22 “Sec.3414.Homestead property.

23 “Sec.3415.Transfer of inventory land.

24 “Sec.3416.Target participation rates.

25 “Sec.3417.Compromise or adjustment of debts or claims by guaranteed lender.

26 “Sec.3418.Waiver of mediation rights by borrowers.

27 “Sec.3419.Borrower training.

28 “Sec.3420.Loan assessments.

29 “Sec.3421.Supervised credit.

30 “Sec.3422.Market placement.

31 “Sec.3423.Recordkeeping of loans by gender of borrower.

32 “Sec.3424.Crop insurance requirement.

- 1 “Sec.3425.Loan and loan servicing limitations.  
2 “Sec.3426.Short form certification of farm program borrower compliance.  
3 “Sec.3427.Transfer of land to Secretary.  
4 “Sec.3428.Competitive sourcing limitations.  
5 “Sec.3429.Prohibition on use of loans for certain purposes.  
6 “Sec.3430.Beginning farmer and rancher individual development accounts pilot program.  
7 “Sec.3431.Authorization of appropriations and allocation of funds.

## 8 “Subtitle B—Rural Development

### 9 “Chapter 1—Rural Community Programs

- 10 “Sec.3501.Water and waste disposal loans, loan guarantees, and grants.  
11 “Sec.3502.Community facilities loans, loan guarantees, and grants.  
12 **“Sec.3503.Health care services.**

### 13 “Chapter 2—Rural Business and Cooperative Development

- 14 “Sec.3601.Business programs.  
15 “Sec.3602.Rural business investment program.

### 16 “Chapter 3—General Rural Development Provisions

- 17 “Sec.3701.General provisions for loans and grants.  
18 “Sec.3702.Strategic economic and community development.  
19 “Sec.3703.Guaranteed rural development loans.  
20 “Sec.3704.Rural Development Insurance Fund.  
21 **“Sec.3705.Rural economic area partnership zones.**  
22 **“Sec.3706.Streamlining applications and improving accessibility of rural development**  
23 **programs.**

### 24 “Chapter 4—Delta Regional Authority

- 25 “Sec.3801.Definitions.  
26 “Sec.3802.Delta Regional Authority.  
27 “Sec.3803.Economic and community development grants.  
28 “Sec.3804.Supplements to Federal grant programs.  
29 “Sec.3805.Local development districts; certification and administrative expenses.  
30 “Sec.3806.Distressed counties and areas and nondistressed counties.  
31 “Sec.3807.Development planning process.

1 “Sec.3808.Program development criteria.

2 “Sec.3809.Approval of development plans and projects.

3 “Sec.3810.Consent of States.

4 “Sec.3811.Records.

5 “Sec.3812.Annual report.

6 “Sec.3813.Authorization of appropriations.

7 “Sec.3814.Termination of authority.

## 8 “Chapter 5—Northern Great Plains Regional Authority

9 “Sec.3821.Definitions.

10 “Sec.3822.Northern Great Plains Regional Authority.

11 “Sec.3823.Interstate cooperation for economic opportunity and efficiency.

12 “Sec.3824.Economic and community development grants.

13 “Sec.3825.Supplements to Federal grant programs.

14 “Sec.3826.Multistate and local development districts and organizations and Northern Great  
15 Plains Inc.

16 “Sec.3827.Distressed counties and areas and nondistressed counties.

17 “Sec.3828.Development planning process.

18 “Sec.3829.Program development criteria.

19 “Sec.3830.Approval of development plans and projects.

20 “Sec.3831.Consent of States.

21 “Sec.3832.Records.

22 “Sec.3833.Annual report.

23 “Sec.3834.Authorization of appropriations.

24 “Sec.3835.Termination of authority.

## 25 “Subtitle C—General Provisions

26 “Sec.3901.Full faith and credit.

27 “Sec.3902.Purchase and sale of guaranteed portions of loans.

28 “Sec.3903.Administration.

29 “Sec.3904.Loan moratorium and policy on foreclosures.

30 “Sec.3905.Oil and gas royalty payments on loans.

31 “Sec.3906.Taxation.

32 “Sec.3907.Conflicts of interest.

- 1 “Sec.3908.Loan summary statements.  
2 “Sec.3909.Certified lenders program.  
3 “Sec.3910.Loans to resident aliens.  
4 “Sec.3911.Expedited clearing of title to inventory property.  
5 “Sec.3912.Prohibition on use of loans for certain purposes.  
6 “Sec.3913.Regulations.

7 **“SEC. 3002. DEFINITIONS.**

8 “In this title (unless the context otherwise requires):

9 “(1) ABLE TO OBTAIN CREDIT ELSEWHERE.—The term ‘able to obtain credit elsewhere’  
10 means able to obtain a loan from a production credit association, a Federal land bank, or  
11 other responsible cooperative or private credit source (or, in the case of a borrower under  
12 section 3106, the borrower may be able to obtain a loan under section 3101) at reasonable  
13 rates and terms, taking into consideration prevailing private and cooperative rates and terms  
14 in the community in or near which the applicant resides for loans for similar purposes and  
15 periods of time.

16 “(2) AGRICULTURAL CREDIT INSURANCE FUND.—The term ‘Agricultural Credit Insurance  
17 Fund’ means the fund established under section 3401.

18 “(3) APPROVED LENDER.—The term ‘approved lender’ means—

19 “(A) a lender approved prior to October 28, 1992, by the Secretary under the  
20 approved lender program established by exhibit A to subpart B of part 1980 of title 7,  
21 Code of Federal Regulations (as in effect on January 1, 1991); or

22 “(B) a lender certified under section 3909.

23 “(4) AQUACULTURE.—The term ‘aquaculture’ means the culture or husbandry of aquatic  
24 animals or plants by private industry for commercial purposes, including the culture and  
25 growing of fish by private industry for the purpose of creating or augmenting publicly  
26 owned and regulated stocks of fish.

27 “(5) BEGINNING FARMER OR RANCHER.—The term ‘beginning farmer or rancher’ has the  
28 meaning given the term by the Secretary.

29 “(6) BORROWER.—

30 “(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘borrower’  
31 means an individual or entity who has an outstanding obligation to the Secretary under  
32 any loan made or guaranteed under this title, without regard to whether the loan has  
33 been accelerated.

34 “(B) EXCLUSIONS.—The term ‘borrower’ does not include an individual or entity all  
35 of whose loans and accounts have been foreclosed on or liquidated, voluntarily or  
36 otherwise.

37 “(7) COUNTY COMMITTEE.—The term ‘county committee’ means the appropriate county  
38 committee established under section 8(b)(5) of the Soil Conservation and Domestic

1 Allotment Act (16 U.S.C. 590h(b)(5)).

2 “(8) DEBT FORGIVENESS.—

3 “(A) IN GENERAL.—Except as provided in subparagraph (B), the term ‘debt  
4 forgiveness’ means reducing or terminating a loan made or guaranteed under this title,  
5 in a manner that results in a loss to the Secretary, through—

6 “(i) writing down or writing off a loan under section 3417;

7 “(ii) compromising, adjusting, reducing, or charging-off a debt or claim under  
8 section 3903;

9 “(iii) paying a loss on a guaranteed loan under this title; or

10 “(iv) discharging a debt as a result of bankruptcy.

11 “(B) LOAN RESTRUCTURING.—The term ‘debt forgiveness’ does not include  
12 consolidation, rescheduling, reamortization, or deferral.

13 “(9) DEPARTMENT.—The term ‘Department’ means the Department of Agriculture.

14 “(10) DIRECT LOAN.—The term ‘direct loan’ means a loan made by the Secretary from  
15 appropriated funds.

16 “(11) ENTITY.—The term ‘entity’ means a corporation, farm cooperative, partnership,  
17 joint operation, governmental body, or other legal entity, as determined by the Secretary.

18 “(12) FARM.—The term ‘farm’ means an operation involved in—

19 “(A) the production of an agricultural commodity;

20 “(B) ranching; or

21 “(C) aquaculture.

22 “(13) FARMER.—The term ‘farmer’ means an individual or entity engaged primarily and  
23 directly in—

24 “(A) the production of an agricultural commodity;

25 “(B) ranching; or

26 “(C) aquaculture.

27 “(14) FARMER PROGRAM LOAN.—The term ‘farmer program loan’ means—

28 “(A) a farm ownership loan under section 3101;

29 “(B) a conservation loan under section 3103;

30 “(C) an operating loan under section 3201;

31 “(D) an emergency loan under section 3301;

32 “(E) an economic emergency loan under section 202 of the Emergency Agricultural  
33 Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note; Public Law 95-334);

34 “(F) a loan for a farm service building under section 502 of the Housing Act of 1949  
35 (42 U.S.C. 1472);

1           “(G) an economic opportunity loan under section 602 of the Economic Opportunity  
2           Act of 1964 (Public Law 88–452; 42 U.S.C. 2942 note) (as it existed before the  
3           amendment made by section 683(a) of the Omnibus Budget Reconciliation Act of 1981  
4           (Public Law 97–35; 95 Stat. 519));

5           “(H) a softwood timber loan under section 608 of the Agricultural Programs  
6           Adjustment Act of 1984 (7 U.S.C. 1981 note; Public Law 98–258); or

7           “(I) any other loan described in section 343(a)(10) of this title (as it existed before  
8           the amendment made by section 2 of the       **Agriculture Reform, Food, and Jobs**  
9           Act of 2012) that is outstanding on the date of enactment of that Act.

10          “(15) FARM SERVICE AGENCY.—The term ‘Farm Service Agency’ means the offices of  
11          the Farm Service Agency to which the Secretary delegates responsibility to carry out this  
12          title.

13          “(16) GOVERNMENTAL ENTITY.—The term ‘governmental entity’ means any agency of  
14          the United States, a State, or a unit of local government of a State.

15          “(17) GUARANTEE.—The term ‘guarantee’ means guaranteeing the payment of a loan  
16          originated, held, and serviced by a private financial agency, or lender, approved by the  
17          Secretary.

18          “(18) HIGHLY ERODIBLE LAND.—The term ‘highly erodible land’ has the meaning given  
19          the term in section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)).

20          “(19) HOMESTEAD RETENTION.—The term ‘homestead retention’ means homestead  
21          retention as authorized under section 3417.

22          “(20) INDIAN TRIBE.—The term ‘Indian tribe’ means a Federal and State-recognized  
23          Indian tribe or other federally recognized Indian tribal group (including a Tribal College or  
24          University (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C.  
25          1059c(b)))).

26          “(21) LOAN SERVICE PROGRAM.—The term ‘loan service program’ means, with respect to  
27          a farmer program loan borrower, a primary loan service program or a homestead retention  
28          program.

29          “(22) NATURAL OR MAJOR DISASTER OR EMERGENCY.—The term ‘natural or major  
30          disaster or emergency’ means—

31               “(A) a natural disaster declared by the Secretary; or

32               “(B) a major disaster or emergency designated by the President under the Robert T.  
33               Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).

34          “(23) PRIMARY LOAN SERVICE PROGRAM.—The term ‘primary loan service program’  
35          means, with respect to a farmer program loan—

36               “(A) loan consolidation, rescheduling, or reamortization;

37               “(B) interest rate reduction, including the use of the limited resource program;

38               “(C) loan restructuring, including deferral, set aside, or writing down of the principal  
39               or accumulated interest charges, or both, of the loan; or

1           “(D) any combination of actions described in subparagraphs (A), (B), and (C).

2           “(24) PRIME FARMLAND.—The term ‘prime farmland’ means prime farmland and unique  
3 farmland (as defined in subsections (a) and (b) of section 657.5 of title 7, Code of Federal  
4 Regulations (1980)).

5           “(25) PROJECT.—The term ‘project’ includes a facility providing central service or a  
6 facility serving an individual property, or both.

7           “(26) QUALIFIED BEGINNING FARMER OR RANCHER.—The term ‘qualified beginning  
8 farmer or rancher’ means an applicant, regardless of whether the applicant is participating in  
9 a program under section 3107, who—

10           “(A) is eligible for assistance under this title;

11           “(B) has not operated a farm, or has operated a farm for not more than 10 years;

12           “(C) in the case of a cooperative, corporation, partnership, or joint operation, has  
13 members, stockholders, partners, or joint operators who are all related to each other by  
14 blood or marriage;

15           “(D) in the case of a farmer who is the owner and operator of a farm—

16           “(i) in the case of a loan made to an individual, individually or with the  
17 immediate family of the applicant—

18           “(I) materially and substantially participates in the operation of the farm;  
19 and

20           “(II) provides substantial day-to-day labor and management of the farm,  
21 consistent with the practices in the State or county in which the farm is  
22 located; or

23           “(ii)(I) in the case of a loan made to a cooperative, corporation, partnership, or  
24 joint operation, has members, stockholders, partners, or joint operators who  
25 materially and substantially participate in the operation of the farm; and

26           “(II) in the case of a loan made to a corporation, has stockholders who all  
27 qualify individually as beginning farmers;

28           “(E) in the case of an applicant seeking to become an owner and operator of a  
29 farm—

30           “(i) in the case of a loan made to an individual, individually or with the  
31 immediate family of the applicant, will—

32           “(I) materially and substantially participate in the operation of the farm;  
33 and

34           “(II) provide substantial day-to-day labor and management of the farm,  
35 consistent with the practices in the State or county in which the farm is  
36 located; or

37           “(ii)(I) in the case of a loan made to a cooperative, corporation, partnership, or  
38 joint operation, will have members, stockholders, partners, or joint operators who  
39 will materially and substantially participate in the operation of the farm; and

1                   “(II) in the case of a loan made to a corporation, has stockholders who will all  
2                   qualify individually as beginning farmers;

3                   “(F) agrees to participate in such loan assessment, borrower training, and financial  
4                   management programs as the Secretary may require;

5                   “(G)(i) does not own farm land; or

6                   “(ii) directly or through interests in family farm corporations, owns farm land, the  
7                   aggregate acreage of which does not exceed ~~25~~ **30** percent of the average quantity of  
8                   acreage of the farms, as appropriate, in the county in which the farm operations of the  
9                   applicant are located, as reported in the most recent census of agriculture taken in  
10                  accordance with the Census of Agriculture Act of 1997 (7 U.S.C. 2204g et seq.),  
11                  except that this subparagraph shall not apply to a loan made or guaranteed under  
12                  chapter 2 of subtitle A; and

13                  “(H) demonstrates that the available resources of the applicant and any spouse of the  
14                  applicant are not sufficient to enable the applicant to farm on a viable scale.

15                  “(27) RECREATIONAL PURPOSE.—The term ‘recreational purpose’ has the meaning  
16                  provided by the Secretary, but shall include hunting.

17                  “(28) RURAL AND RURAL AREA.—

18                  “(A) IN GENERAL.—Subject to any determination made under subparagraph (B), the  
19                  terms ‘rural’ and ‘rural area’ mean any area other than—

20                         “(i) a city or town that has a population of greater than 50,000 inhabitants; and

21                         “(ii) any urbanized area contiguous and adjacent to a city or town described in  
22                         clause (i).

23                  “(B) DETERMINATION OF AREAS RURAL IN CHARACTER.—

24                         “(i) IN GENERAL.—On petition of a unit of local government in an urbanized  
25                         area described in subparagraph (A)(ii), or on the initiative of the Secretary, acting  
26                         through the Under Secretary for Rural Development (referred to in this  
27                         subparagraph as the ‘Under Secretary’), the Under Secretary may determine that  
28                         part of an area is a rural area based on the criteria described in clause (ii).

29                         “(ii) CRITERIA.—In making a determination under clause (i), the Under  
30                         Secretary shall consider—

31                                 “(I) population density, ~~with priority given to~~ **favoring** a rural area  
32                                 determination for the most sparsely populated areas;

33                                 “(II) economic conditions, ~~with priority given to~~ **favoring** a rural area  
34                                 determination for areas facing—

35   “(aa) chronic unemployment in excess of statewide averages;

36   “(bb) sudden loss of ~~unemployment~~ **employment** from natural  
37   disaster or the loss of a significant employer in the area; or

38   “(cc) chronic poverty demonstrated at the census block or county  
39   level compared to statewide median household income; ~~and~~

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“(III) commuting patterns, ~~with priority given to~~ **favoring** a rural area determination for areas that can demonstrate higher proportions of the population living and working in the area; **and**

“(IV) **whether the area was eligible under the definitions of the terms ‘rural’ and ‘rural area’ in section 343 (as in effect before the date of enactment of the Agriculture Reform, Food, and Jobs Act of 2012) for community facility, water and waste disposal, and broadband programs.-**

“(iii) ADMINISTRATION.—In carrying out this subparagraph, the Under Secretary shall—

“(I) not delegate the authority to carry out this subparagraph;

“(II) consult with the applicable rural development State or regional director of the Department and the Governor of the respective State;

“(III) provide to the petitioner an opportunity to appeal to the Under Secretary a determination made under this subparagraph;

“(IV) release to the public notice of a petition filed or initiative of the Under Secretary under this subparagraph not later than 30 days after receipt of the petition or the commencement of the initiative, as appropriate;

“(V) make a determination under this subparagraph not less than 15 days, and not more than 60 days, after the release of the notice under subclause (IV);

“(VI) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an annual report on actions taken to carry out this subparagraph; and

“(VII) terminate a determination under this subparagraph that part of an area is a rural area on the date that data is available for the next decennial census conducted under section 141(a) of title 13, United States Code.

“(iv) HAWAII AND PUERTO RICO.—Notwithstanding any other provision of this subsection, within the areas of the County of Honolulu, Hawaii, and the Commonwealth of Puerto Rico, the Under Secretary may designate any part of the areas as a rural area if the Under Secretary determines that the part is not urban in character, other than any area included in the Honolulu Census Designated Place or the San Juan Census Designated Place.

“(C) EXCLUSIONS.—Notwithstanding any other provision of this paragraph, in determining which census blocks in an urbanized area are not in a rural area (as defined in this paragraph), the Secretary shall exclude any cluster of census blocks that would otherwise be considered not in a rural area only because the cluster is adjacent to not more than 2 census blocks that are otherwise considered not in a rural area under

1           this paragraph.

2           “(29) SEASONED DIRECT LOAN BORROWER.—The term ‘seasoned direct loan borrower’  
3 means a borrower who could reasonably be expected to qualify for commercial credit using  
4 criteria determined by the Secretary.

5           “(30) SECRETARY.—The term ‘Secretary’ means the Secretary of Agriculture.

6           “(31) SOCIALLY DISADVANTAGED FARMER OR RANCHER.—The term ‘socially  
7 disadvantaged farmer or rancher’ means a farmer or rancher who is a member of a socially  
8 disadvantaged group.

9           “(32) SOCIALLY DISADVANTAGED GROUP.—The term ‘socially disadvantaged group’  
10 means a group whose members have been subjected to racial, ethnic, or gender prejudice  
11 because of the identity of the members as members of a group without regard to the  
12 individual qualities of the members.

13           “(33) SOLAR ENERGY.—The term ‘solar energy’ means energy derived from sources  
14 (other than fossil fuels) and technologies included in the Federal Nonnuclear Energy  
15 Research and Development Act of 1974 (42 U.S.C. 5901 et seq.).

16           “(34) STATE.—The term ‘State’ means—

17               “(A) in this title (other than subtitle A), each of the 50 States, the Commonwealth of  
18 Puerto Rico, the Virgin Islands, Guam, American Samoa, the Commonwealth of the  
19 Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of  
20 Micronesia, and the Republic of Palau; and

21               “(B) in subtitle A, each of the 50 States, the Commonwealth of Puerto Rico, the  
22 Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana  
23 Islands, and, to the extent the Secretary determines it to be feasible and appropriate, the  
24 Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic  
25 of Palau.

26           “(35) STATE BEGINNING FARMER PROGRAM.—The term ‘State beginning farmer program’  
27 means any program that is—

28               “(A) carried out by, or under contract with, a State; and

29               “(B) designed to assist qualified beginning farmers in obtaining the financial  
30 assistance necessary to enter agriculture and establish viable farming operations.

31           “(36) VETERAN.—The term ‘veteran’ means a person who is a veteran of any war (as  
32 defined in section 101 of title 38, United States Code).

33           “(37) WETLAND.—The term ‘wetland’ has the meaning given the term in section 1201(a)  
34 of the Food Security Act of 1985 (16 U.S.C. 3801(a)).

35           “(38) WILDLIFE.—The term ‘wildlife’ means fish or wildlife (as defined in section 2(a) of  
36 the Lacey Act Amendments of 1981 (16 U.S.C. 3371(a))).

## 37 “Subtitle B—Rural Development

## 38 “CHAPTER 1—RURAL COMMUNITY PROGRAMS

1 “SEC. 3501. WATER AND WASTE DISPOSAL LOANS,  
2 LOAN GUARANTEES, AND GRANTS.

3 “(a) In General.—The Secretary may make grants and loans and issue loan guarantees  
4 (including a guarantee of a loan financed by the net proceeds of a bond described in section  
5 142(a) of the Internal Revenue Code of 1986) to eligible entities described in subsection (b) for  
6 projects in rural areas that primarily serve rural residents to provide for—

7 “(1) the development, storage, treatment, purification, or distribution of water or the  
8 collection, treatment, or disposal of waste; and

9 “(2) financial assistance and other aid in the planning of projects for purposes described  
10 in paragraph (1).

11 “(b) Eligible Entities.—Entities eligible for assistance described in subsection (a) are—

12 “(1) associations (including corporations not operated for profit);

13 “(2) Indian tribes;

14 “(3) public and quasi-public agencies; and

15 “(4) in the case of a project to attach an individual property in a rural area to a water  
16 system to alleviate a health risk, an individual.

17 “(c) Loan and Loan Guarantee Requirements.—In connection with loans made or guaranteed  
18 under this section, the Secretary shall require the applicant—

19 “(1) to certify in writing, and the Secretary shall determine, that the applicant is unable to  
20 obtain sufficient credit elsewhere to finance the actual needs of the applicant at reasonable  
21 rates and terms, taking into consideration prevailing private and cooperative rates and terms  
22 in the community in or near which the applicant resides for loans for similar purposes and  
23 periods of time; and

24 “(2) to furnish an appropriate written financial statement.

25 “(d) Grant Amounts.—

26 “(1) MAXIMUM.—Except as otherwise provided in this subsection, the amount of any  
27 grant made under this section shall not exceed 75 percent of the development cost of the  
28 project for which the grant is provided.

29 “(2) GRANT RATE.—The Secretary shall establish the grant rate for each project in  
30 conformity with regulations issued by the Secretary that shall provide for a graduated scale  
31 of grant rates that establish higher rates for projects in communities that have—

32 “(A) low community population;

33 “(B) high rates of outmigration; and

34 “(C) low income levels.

35 “(3) LOCAL SHARE REQUIREMENTS.—Grants made under this section may be used to pay  
36 the local share requirements of another Federal grant-in-aid program to the extent permitted  
37 under the law providing for the grant-in-aid program.

1 “(e) Special Grants.—

2 “(1) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

3 “(A) IN GENERAL.—The Secretary may make grants to qualified, nonprofit entities  
4 in rural areas to capitalize revolving funds for the purpose of providing financing to  
5 eligible entities for—

6 “(i) predevelopment costs associated with proposed water and wastewater  
7 projects or with existing water and wastewater systems; and

8 “(ii) short-term costs incurred for replacement equipment, small-scale  
9 extension services, or other small capital projects that are not part of the regular  
10 operations and maintenance activities of existing water and wastewater systems.

11 “(B) MAXIMUM AMOUNT OF FINANCING.—The amount of financing made to an  
12 eligible entity under this paragraph shall not exceed—

13 “(i) \$100,000 for costs described in subparagraph (A)(i); and

14 “(ii) \$100,000 for costs described in subparagraph (A)(ii).

15 “(C) TERM.—The term of financing provided to an eligible entity under this  
16 paragraph shall not exceed 10 years.

17 “(D) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that  
18 may be used by a grant recipient for administrative costs incurred under this paragraph.

19 “(E) ANNUAL REPORT.—A nonprofit entity receiving a grant under this paragraph  
20 shall submit to the Secretary an annual report that describes the number and size of  
21 communities served and the type of financing provided.

22 “(F) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated  
23 to carry out this paragraph \$30,000,000 for each of fiscal years 2013 through 2017.

24 “(2) EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE PROGRAM.—

25 “(A) IN GENERAL.—The Secretary shall provide grants in accordance with this  
26 paragraph to assist the residents of rural areas and small communities to secure  
27 adequate quantities of safe water—

28 “(i) after a significant decline in the quantity or quality of water available from  
29 the water supplies of the rural areas and small communities, or when such a  
30 decline is imminent; or

31 “(ii) when repairs, partial replacement, or significant maintenance efforts on  
32 established water systems would remedy—

33 “(I) an acute or imminent shortage of quality water; or

34 “(II) a significant or imminent decline in the quantity or quality of water  
35 that is available.

36 “(B) PRIORITY.—In carrying out subparagraph (A), the Secretary shall—

37 “(i) give priority to projects described in subparagraph (A)(i); and

38 “(ii) provide at least 70 percent of all grants under this paragraph to those

1 projects.

2 “(C) ELIGIBILITY.—To be eligible to obtain a grant under this paragraph, an  
3 applicant shall—

4 “(i) be a public or private nonprofit entity; and

5 “(ii) in the case of a grant made under subparagraph (A)(i), demonstrate to the  
6 Secretary that the decline referred to in that subparagraph occurred, or will occur,  
7 not later than 2 years after the date on which the application was filed for the  
8 grant.

9 “(D) USES.—

10 “(i) IN GENERAL.—Grants made under this paragraph may be used—

11 “(I) for waterline extensions from existing systems, laying of new  
12 waterlines, repairs, significant maintenance, digging of new wells, equipment  
13 replacement, and hook and tap fees;

14 “(II) for any other appropriate purpose associated with developing sources  
15 of, treating, storing, or distributing water;

16 “(III) to assist communities in complying with the requirements of the  
17 Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or the Safe  
18 Drinking Water Act (~~42 U.S.C.~~(42 U.S.C. 300f et seq.); and

19 “(IV) to provide potable water to communities through other means.

20 “(ii) JOINT PROPOSALS.—

21 “(I) IN GENERAL.—Subject to the restrictions in subparagraph (E), nothing  
22 in this paragraph precludes rural communities from submitting joint  
23 proposals for emergency water assistance.

24 “(II) CONSIDERATION OF RESTRICTIONS.—The restrictions in subparagraph  
25 (E) shall be considered in the aggregate, depending on the number of  
26 communities involved.

27 “(E) RESTRICTIONS.—

28 “(i) MAXIMUM INCOME.—No grant provided under this paragraph shall be used  
29 to assist any rural area or community that has a median household income in  
30 excess of the State nonmetropolitan median household income according to the  
31 most recent decennial census of the United States.

32 “(ii) SET-ASIDE FOR SMALLER COMMUNITIES.—Not less than 50 percent of the  
33 funds allocated under this paragraph shall be allocated to rural communities with  
34 populations that do not exceed 3,000 inhabitants.

35 “(F) MAXIMUM GRANTS.—Grants made under this paragraph may not exceed—

36 “(i) in the case of each grant made under subparagraph (A)(i), \$500,000; and  
37 “(ii) in the case of each grant made under subparagraph (A)(ii), \$150,000.

38 “(G) FULL FUNDING.—Subject to subparagraph (F), grants under this paragraph shall

1 be made in an amount equal to 100 percent of the costs of the projects conducted under  
2 this paragraph.

3 “(H) APPLICATION.—

4 “(i) NATIONALLY COMPETITIVE APPLICATION PROCESS.—

5 “(I) IN GENERAL.—The Secretary shall develop a nationally competitive  
6 application process to award grants under this paragraph.

7 “(II) REQUIREMENTS.—The process shall include criteria for evaluating  
8 applications, including population, median household income, and the  
9 severity of the decline, or imminent decline, in the quantity or quality of  
10 water.

11 “(ii) TIMING OF REVIEW OF APPLICATIONS.—

12 “(I) SIMPLIFIED APPLICATION.—The application process developed by the  
13 Secretary under clause (i) shall include a simplified application form that  
14 will permit expedited consideration of an application for a grant filed under  
15 this paragraph.

16 “(II) PRIORITY REVIEW.—In processing applications for any water or waste  
17 grant or loan authorized under this section, the Secretary shall afford priority  
18 processing to an application for a grant under this paragraph to the extent  
19 funds will be available for an award on the application at the conclusion of  
20 priority processing.

21 “(III) TIMING.—The Secretary shall, to the maximum extent practicable,  
22 review and act on an application under this paragraph not later than 60 days  
23 after the date on which the application is submitted to the Secretary.

24 “(I) FUNDING.—

25 “(i) RESERVATION.—

26 “(I) IN GENERAL.—For each fiscal year, not less than 3 nor more than 5  
27 percent of the total amount made available to carry out this section for the  
28 fiscal year shall be reserved for grants under this paragraph.

29 “(II) RELEASE.—Funds reserved under subclause (I) for a fiscal year shall  
30 be reserved only until July 1 of the fiscal year.

31 “(ii) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made  
32 available under clause (i), there is authorized to be appropriated to carry out this  
33 paragraph \$35,000,000 for each of fiscal years 2013 through 2017.

34 “(3) WATER AND WASTE FACILITY LOANS AND GRANTS TO ALLEVIATE HEALTH RISKS.—

35 “(A) DEFINITION OF COOPERATIVE.—In this paragraph, the term ‘cooperative’ means  
36 a cooperative formed specifically for the purpose of the installation, expansion,  
37 improvement, or operation of water supply or waste disposal facilities or systems.

38 “(B) LOANS AND GRANTS TO PERSONS OTHER THAN INDIVIDUALS.—

39 “(i) IN GENERAL.—The Secretary shall make or guarantee loans and make

1 grants to ~~rural water supply corporations, cooperatives, or similar entities, Indian~~  
2 ~~tribes on Federal and State reservations and other federally recognized Indian~~  
3 ~~tribes, rural or native villages in Alaska and Hawaii, and public agencies, to~~  
4 provide for the conservation, development, use, and control of water (including  
5 the extension or improvement of existing water supply systems); and the  
6 installation or improvement of drainage or waste disposal facilities and essential  
7 community facilities, including necessary related equipment, **training, and**  
8 **technical assistance to—**

9 **“(I) rural water supply corporations, cooperatives, or similar entities;**

10 **“(II) Indian tribes on Federal or State reservations and other**  
11 **federally recognized Indian tribes;**

12 **“(III) rural or native villages in the State of Alaska;**

13 **“(IV) native tribal health consortiums;**

14 **“(V) public agencies; and**

15 **“(VI) Native Hawaiian Home Lands.**

16 **“(ii) ELIGIBLE PROJECTS.—**Loans and grants described in clause (i) shall be  
17 available only to provide the described water and waste facilities and services to  
18 communities whose residents face significant health risks, as determined by the  
19 Secretary, due to the fact that a significant proportion of the residents of the  
20 community do not have access to, or are not served by, adequate affordable—

21 **“(I) water supply systems; or**

22 **“(II) waste disposal facilities.**

23 **“(iii) MATCHING REQUIREMENTS.—**For entities described under subclauses  
24 **(III), (IV), or (V) of clause (i) to be eligible to receive a grant for water supply**  
25 **systems or waste disposal facilities, the State in which the project will occur**  
26 **shall provide 25 percent in matching funds from non-Federal sources.**

27 **“(iv) CERTAIN AREAS TARGETED.—**

28 **“(I) IN GENERAL.—**Loans and grants under clause (i) shall be made only if  
29 the loan or grant funds will be used primarily to provide water or waste  
30 services, or both, to residents of a ~~county—~~ **county or census area—**

31 **“(aa) the per capita income of the residents of which is not more than**  
32 **70 percent of the national average per capita income, as determined by**  
33 **the Department of Commerce; and**

34 **“(bb) the unemployment rate of the residents of which is not less than**  
35 **125 percent of the national average unemployment rate, as determined**  
36 **by the Bureau of Labor Statistics.**

37 **“(II) EXCEPTION.—**Notwithstanding subclause (I), loans and grants under  
38 clause (i) may also be made if the loan or grant funds will be used primarily  
39 to provide water or waste services, or both, to residents of a rural area that  
40 was recognized as a colonia as of October 1, 1989.

1 “(C) LOANS AND GRANTS TO INDIVIDUALS.—

2 “(i) IN GENERAL.—The Secretary shall make or guarantee loans and make  
3 grants to individuals who reside in a community described in subparagraph (B)(i)  
4 for the purpose of extending water supply and waste disposal systems, connecting  
5 the systems to the residences of the individuals, or installing plumbing and  
6 fixtures within the residences of the individuals to facilitate the use of the water  
7 supply and waste disposal systems.

8 “(ii) INTEREST.—Loans described in clause (i) shall be at a rate of interest no  
9 greater than the Federal Financing Bank rate on loans of a similar term at the time  
10 the loans are made.

11 “(iii) AMORTIZATION.—The repayment of loans described in clause (i) shall be  
12 amortized over the expected life of the water supply or waste disposal system to  
13 which the residence of the borrower will be connected.

14 “(iv) MANNER IN WHICH LOANS AND GRANTS ARE TO BE MADE.—Loans and  
15 grants to individuals under clause (i) shall be made—

16 “(I) directly to the individuals by the Secretary; or

17 “(II) to the individuals through the rural water supply corporation,  
18 cooperative, or similar entity, or public agency, providing the water supply  
19 or waste disposal services, pursuant to regulations issued by the Secretary.

20 “(D) PREFERENCE.—The Secretary shall give preference in the awarding of loans  
21 and **grants under subparagraphs (B) and (C) to entities described in clause (i) of**  
22 **subparagraph (B) grants—**

23 ~~“(i) under subparagraph (B) to rural water supply corporations, cooperatives, or~~  
24 ~~similar entities, or public agencies, that propose to provide water supply or waste~~  
25 ~~disposal services to the residents of~~ **Indian reservations, Alaska Native Villages,**  
26 **Native Hawaiian Home Lands, and** those rural subdivisions commonly referred to as  
27 colonias, that are characterized by substandard housing, ~~inadequate roads and drainage,~~  
28 ~~and a lack of adequate water or waste facilities; and~~

29 ~~“(ii) under subparagraph (C) to individuals who reside in a rural subdivision~~  
30 ~~commonly referred to as a colonia, that is characterized by substandard housing,~~  
31 ~~inadequate roads and drainage, and a lack of adequate water or waste facilities.~~

32 “(E) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be  
33 appropriated—

34 “(i) for grants under this paragraph, \$60,000,000 for each fiscal year;

35 “(ii) for loans under this paragraph, \$60,000,000 for each fiscal year; and

36 “(iii) in addition to grants provided under clause (i), for grants under this  
37 section to benefit Indian tribes, \$20,000,000 for each fiscal year.

38 “(4) SOLID WASTE MANAGEMENT GRANTS.—

39 “(A) IN GENERAL.—The Secretary may make grants to nonprofit organizations for  
40 the provision of regional technical assistance to local and regional governments and

1 related agencies for the purpose of reducing or eliminating pollution of water resources  
2 and improving the planning and management of solid waste disposal facilities in rural  
3 areas.

4 “(B) TECHNICAL ASSISTANCE GRANT AMOUNTS.—Grants made under this paragraph  
5 for the provision of technical assistance shall be made for 100 percent of the cost of the  
6 technical assistance.

7 “(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated  
8 to carry out this paragraph \$10,000,000 for each of fiscal years 2013 through 2017

9 “(5) RURAL WATER AND WASTEWATER TECHNICAL ASSISTANCE AND TRAINING  
10 PROGRAMS.—

11 “(A) GRANTS TO NONPROFITS.—

12 “(i) IN GENERAL.—The Secretary may make grants to nonprofit organizations  
13 to enable the organizations to provide to associations that provide water and  
14 wastewater services in rural areas technical assistance and training—

15 “(I) to identify, and evaluate alternative solutions to, problems relating to  
16 the obtaining, storage, treatment, purification, or distribution of water or the  
17 collection, treatment, or disposal of waste in rural areas;

18 “(II) to prepare applications to receive financial assistance for any purpose  
19 specified in subsection (a)(1) from any public or private source; and

20 “(III) to improve the operation and maintenance practices at any existing  
21 works for the storage, treatment, purification, or distribution of water or the  
22 collection, treatment, or disposal of waste in rural areas.

23 “(ii) SELECTION PRIORITY.—In selecting recipients of grants to be made under  
24 clause (i), the Secretary shall give priority to nonprofit organizations that have  
25 experience in providing the technical assistance and training described in clause  
26 (i) to associations serving rural areas in which—

27 “(I) residents have low income; and

28 “(II) water supply systems or waste facilities are unhealthful.

29 “(iii) FUNDING.—

30 “(I) IN GENERAL.—Except as provided in subclause (II), not less than 1 nor  
31 more than 3 percent of any funds made available to carry out water and  
32 waste disposal projects described in subsection (a) for any fiscal year shall be  
33 reserved for grants under this paragraph.

34 “(II) EXCEPTION.—The minimum amount specified in subclause (I) shall  
35 not apply if the aggregate amount of grant funds requested by applications  
36 that qualify for grants received by the Secretary from eligible nonprofit  
37 organizations for the fiscal year totals less than 1 percent of those funds.

38 “(B) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

39 “(i) IN GENERAL.—The Secretary shall continue a national rural water and  
40 wastewater circuit rider program that—

1 “(I) is consistent with the activities and results of the program conducted  
2 before January 1, 2012, as determined by the Secretary; and

3 “(II) received funding from the Secretary, acting through the  
4 Administrator of the Rural Utilities Service.

5 “(ii) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be  
6 appropriated to carry out this subparagraph \$25,000,000 for fiscal year 2013 and  
7 each fiscal year thereafter.

8 “(6) SEARCH PROGRAM.—

9 “(A) IN GENERAL.—The Secretary may establish a Special Evaluation Assistance for  
10 Rural Communities and Households (SEARCH) program to make predevelopment  
11 planning grants for feasibility studies, design assistance, and technical assistance, to  
12 financially distressed communities in rural areas with populations of 2,500 or fewer  
13 inhabitants for water and waste disposal projects described in this section.

14 “(B) TERMS.—

15 “(i) DOCUMENTATION.—With respect to grants made under this paragraph, the  
16 Secretary shall require the lowest quantity of documentation practicable.

17 “(ii) MATCHING.—Notwithstanding any other provision of this section, the  
18 Secretary may fund up to 100 percent of the eligible costs of grants provided  
19 under this paragraph, as determined by the Secretary.

20 “(iii) FUNDING.—The Secretary may use not more than 4 percent of the total  
21 amount of funds made available for a fiscal year for water, waste disposal, and  
22 essential community facility activities under this chapter to carry out this  
23 paragraph.

24 “(C) RELATIONSHIP TO OTHER AUTHORITY.—

25 “(i) IN GENERAL.—The funds and authorities provided under this paragraph are  
26 in addition to any other funds or authorities the Secretary may have to carry out  
27 activities described in this section.

28 “(ii) AUTHORIZED ACTIVITIES.—The Secretary may furnish financial assistance  
29 or other aid in planning projects for the purposes described in subparagraph (A).

30 “(f) Priority.—In making grants and loans, and guaranteeing loans, for water, wastewater, and  
31 waste disposal projects under this section, the Secretary shall give priority **consideration** to  
32 projects that serve **rural communities that**, as determined by the Secretary—

33 “(1) ~~a community with~~ **have** a population of less than 5,500 permanent residents;

34 “(2) ~~a community that the Secretary determines has~~ **have** a community water,  
35 wastewater, or waste disposal system that—

36 “(A) is experiencing—

37 “(i) an unanticipated reduction in the quality of water, the quantity of water, or  
38 the ability to deliver water; or

39 “(ii) some other deterioration in the supply of water to the community;

- 1           “(B) is not adequate to meet the needs of the community; and  
2           “(C) requires immediate corrective action;  
3           “(3) ~~a rural community that is~~ **are** experiencing outmigration;  
4           “(4) ~~a community that has~~ **have** a high percentage of low-income residents; or  
5           “(5) ~~a rural community that is~~ **are** isolated from other significant population centers.

6           **“(g) Curtailment or Limitation of Service Prohibited.—The service provided or made**  
7 **available through any such association shall not be curtailed or limited by inclusion of the**  
8 **area served by such association within the boundaries of any municipal corporation or**  
9 **other public body, or by the granting of any private franchise for similar service within**  
10 **such area during the term of such loan; nor shall the happening of any such event be the**  
11 **basis of requiring such association to secure any franchise, license, or permit as a condition**  
12 **to continuing to serve the area served by the association at the time of the occurrence of**  
13 **such event.**

14           **“(h) Authorization of Appropriations.—**There are authorized to be appropriated to carry out  
15 this section such sums as are necessary.

## 16           **“SEC. 3502. COMMUNITY FACILITIES LOANS, LOAN** 17 **GUARANTEES, AND GRANTS.**

18           **“(a) In General.—**The Secretary may make grants and loans and issue loan guarantees  
19 (including a guarantee of a loan financed by the net proceeds of a bond described in section  
20 142(a) of the Internal Revenue Code of 1986) to eligible entities described in subsection (b) for  
21 projects in rural areas that primarily serve rural residents to provide for—

22           “(1) essential community facilities, including—

23                   “(A) necessary equipment;

24                   “(B) recreational developments; and

25           “(2) financial assistance and other assistance in the planning of projects for purposes  
26 described in this section.

27           **“(b) Eligible Entities.—**Entities eligible for assistance described in subsection (a) are—

28                   “(1) associations (including corporations not operated for profit);

29                   “(2) Indian tribes (**including groups of individuals described in paragraph (4) of**  
30 **section 815 of the Native American Programs Act of 1974 (42 U.S.C. 2992c)**); and

31                   “(3) public and quasi-public agencies.

32           **“(c) Loan and Loan Guarantee Requirements.—**

33                   “(1) **IN GENERAL.—**In connection with loans made or guaranteed under this section, the  
34 Secretary shall require the applicant—

35                           “(A) to certify in writing, and the Secretary shall determine, that the applicant is  
36 unable to obtain sufficient credit elsewhere to finance the actual needs of the applicant  
37 at reasonable rates and terms, taking into consideration prevailing private and

1 cooperative rates and terms in the community in or near which the applicant resides for  
2 loans for similar purposes and periods of time; and

3 “(B) to furnish an appropriate written financial statement.

4 “(2) DEBT RESTRUCTURING AND LOAN SERVICING FOR COMMUNITY FACILITY LOANS.—The  
5 Secretary shall establish and implement a program that is similar to the program established  
6 under section 3411, except that the debt restructuring and loan servicing procedures shall  
7 apply to delinquent community facility program loans (rather than delinquent farmer  
8 program loans) made by the Farm Service Agency to a hospital or health care facility under  
9 subsection (a).

10 “(d) Grant Amounts.—

11 “(1) MAXIMUM.—Except as otherwise provided in this subsection, the amount of any  
12 grant made under this section shall not exceed 75 percent of the development cost of the  
13 project for which the grant is provided.

14 “(2) GRANT RATE.—The Secretary shall establish the grant rate for each project in  
15 conformity with regulations issued by the Secretary that shall provide for a graduated scale  
16 of grant rates that establish higher rates for projects in communities that have—

17 “(A) low community population;

18 “(B) high rates of outmigration; and

19 “(C) low income levels.

20 “(3) LOCAL SHARE REQUIREMENTS.—Grants made under this section may be used to pay  
21 the local share requirements of another Federal grant-in-aid program to the extent permitted  
22 under the law providing for the grant-in-aid program.

23 “(e) Priority.—In making grants and loans, and guaranteeing loans under this section, the  
24 Secretary shall give priority **consideration** to projects that ~~serve~~— **serve rural communities**  
25 **that—**

26 ~~“(1) a community with~~“(1) **have** a population of less than 20,000 permanent residents;

27 ~~“(2) a rural community that is~~ **are** experiencing outmigration;

28 ~~“(3) a community that has~~ **have** a high percentage of low-income residents; or

29 ~~“(4) a rural community that is~~ **are** isolated from other significant population centers.

30 “(f) Tribal Colleges and Universities.—

31 “(1) IN GENERAL.—The Secretary may make grants to an entity that is a Tribal College or  
32 University (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C.  
33 1059c(b))) to provide the Federal share of the cost of developing specific Tribal College or  
34 University essential community facilities in rural areas.

35 “(2) FEDERAL SHARE.—The Secretary shall establish the maximum percentage of the cost  
36 of the facility that may be covered by a grant under this paragraph, except that the Secretary  
37 may not require non-Federal financial support in an amount that is greater than 5 percent of  
38 the total cost of the facility.

39 “(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to

1 carry out this subsection \$10,000,000 for each of fiscal years 2013 through 2017.

2 “(g) Technical Assistance for Community Facilities Projects.—

3 “(1) IN GENERAL.—Subject to paragraph (2), the Secretary may use funds made available  
4 for community facilities programs authorized under this section to provide technical  
5 assistance to applicants and participants for community facilities programs.

6 “(2) FUNDING.—The Secretary may use not more than 3 percent of the amount of funds  
7 made available to participants for a fiscal year for a community facilities program to  
8 provide technical assistance described in paragraph (1).

9 “(h) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
10 this section such sums as are necessary.

## 11 **“SEC. 3503. HEALTH CARE SERVICES.**

12 “(a) Purpose.—The purpose of this section is to address the continued unmet health  
13 needs in the Delta region through cooperation among health care professionals, institutions  
14 of higher education, research institutions, and other individuals and entities in the region.

15 “(b) Definition of Eligible Entity.—In this section, the term ‘eligible entity’ means a  
16 consortium of regional institutions of higher education, academic health and research  
17 institutes, and economic development entities located in the Delta region that have  
18 experience in addressing the health care issues in the region.

19 “(c) Grants.—To carry out the purpose described in subsection (a), the Secretary may  
20 award a grant to an eligible entity for—

21 “(1) the development of—

22 “(A) health care services;

23 “(B) health education programs; and

24 “(C) health care job training programs; and

25 “(2) the development and expansion of public health-related facilities in the Delta  
26 region to address longstanding and unmet health needs of the region.

27 “(d) Use.—As a condition of the receipt of the grant, the eligible entity shall use the grant  
28 to fund projects and activities described in subsection (c), based on input solicited from  
29 local governments, public health care providers, and other entities in the Delta region.

30 “(e) Authorization of Appropriations.—There is authorized to be appropriated to the  
31 Secretary to carry out this section \$3,000,000 for each of fiscal years 2013 through 2017.

## 32 **“CHAPTER 2—RURAL BUSINESS AND COOPERATIVE** 33 **DEVELOPMENT**

## 34 **“SEC. 3601. BUSINESS PROGRAMS.**

35 “(a) Rural Business Development Grants.—

36 “(1) IN GENERAL.—The Secretary may make grants under this subsection to eligible

1 entities described in paragraph (2) in rural areas that primarily serve rural areas for purposes  
2 described in paragraph (3).

3 “(2) ELIGIBLE ENTITIES.—The Secretary may make grants under this subsection to—

4 “(A) public bodies;

5 “(B) Indian tribes; and

6 “(C) nonprofit entities.

7 “(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligible entities that receive grants under this  
8 subsection may use the grant funds for—

9 “(A) business opportunity projects that—

10 “(i) identify and analyze business opportunities;

11 “(ii) identify, train, and provide technical assistance to existing or prospective  
12 rural entrepreneurs and managers;

13 “(iii) assist in the establishment of new rural businesses and the maintenance of  
14 existing businesses, including through business support centers;

15 “(iv) conduct regional, community, and local economic development planning  
16 and coordination, and leadership development; and

17 “(v) establish centers for training, technology, and trade that will provide  
18 training to rural businesses in the use of interactive communications technologies  
19 to develop international trade opportunities and markets; and

20 “(B) projects that support the development of business enterprises that finance or  
21 facilitate—

22 “(i) the development of small and emerging private business enterprise;

23 “(ii) the establishment, expansion, and operation of rural distance learning  
24 networks;

25 “(iii) the development of rural learning programs that provide educational  
26 instruction or job training instruction related to potential employment or job  
27 advancement to adult students; and

28 “(iv) the provision of technical assistance and training to rural communities for  
29 the purpose of improving passenger transportation services or facilities.

30 “(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the  
31 Secretary to carry out this subsection \$65,000,000 for each of fiscal years 2013 through  
32 2017, to remain available until expended.

33 “(b) Value-added Agricultural Producer Grants.—

34 “(1) DEFINITIONS.—In this subsection:

35 “(A) MID-TIER VALUE CHAIN.—The term ‘mid-tier value chain’ means a local and  
36 regional supply network that links independent producers with businesses and  
37 cooperatives that market value-added agricultural products in a manner that—

1 “(i) targets and strengthens the profitability and competitiveness of small- and  
2 medium-sized farms and ranches that are structured as family farms; and

3 “(ii) obtains agreement from an eligible agricultural producer group, farmer or  
4 rancher cooperative, or majority-controlled producer-based business venture that  
5 is engaged in the value chain on a marketing strategy.

6 “(B) VALUE-ADDED AGRICULTURAL PRODUCT.—The term ‘value-added agricultural  
7 product’ means any agricultural commodity or product—

8 “(i) that—

9 “(I) has undergone a change in physical state;

10 “(II) was produced in a manner that enhances the value of the agricultural  
11 commodity or product, as demonstrated through a business plan that shows  
12 the enhanced value, as determined by the Secretary;

13 “(III) is physically segregated in a manner that results in the enhancement  
14 of the value of the agricultural commodity or product;

15 “(IV) is a source of farm- or ranch-based renewable energy, including  
16 E-85 fuel; or

17 “(V) is aggregated and marketed as a locally produced agricultural food  
18 product; and

19 “(ii) for which, as a result of the change in physical state or the manner in  
20 which the agricultural commodity or product was produced, marketed, or  
21 segregated—

22 “(I) the customer base for the agricultural commodity or product is  
23 expanded; and

24 “(II) a greater portion of the revenue derived from the marketing,  
25 processing, or physical segregation of the agricultural commodity or product  
26 is available to the producer of the commodity or product.

27 “(2) ~~PRODUCER GRANTS.~~— **GRANTS.**—

28 “(A) **IN GENERAL.**—The Secretary may make grants under this subsection ~~to~~ **to**—

29 “(i) independent producers of value-added agricultural products ~~to assist the~~  
30 ~~producers in developing~~; **and**

31 ~~“(i) business plans for viable marketing opportunities for value-added~~  
32 ~~agricultural products;~~ **“(ii) an agricultural producer group, farmer or rancher**  
33 **cooperative, or majority-controlled producer-based business venture, as**  
34 **determined by the Secretary.**

35 ~~“(ii) strategies for the ventures that are intended to create marketing opportunities~~  
36 ~~for the producers; or~~

37 ~~“(iii) mid-tier value chains.~~

38 ~~“(B) Uses of grant funds.—A producer that receives a grant under this~~  
39 ~~subsection~~ **“(B) GRANTS TO A PRODUCER.—A grantee under subparagraph (A)(i)**

1 shall use the grant—

2 “(i) to develop a business plan or perform a feasibility study to establish a  
3 viable marketing opportunity (including through mid-tier value chains) for  
4 value-added agricultural products; or

5 “(ii) to provide capital to establish alliances or business ventures that allow the  
6 producer to better compete in domestic or international markets.

7 ~~“(C) PRIORITY.—IN AWARDING GRANTS UNDER THIS SUBSECTION, THE SECRETARY~~  
8 ~~SHALL GIVE PRIORITY TO PROJECTS THAT CONTRIBUTE TO INCREASING OPPORTUNITIES~~  
9 ~~FOR—~~ **GRANTS TO AN AGRICULTURAL PRODUCER GROUP, COOPERATIVE OR**  
10 **PRODUCER-BASED BUSINESS VENTURE.—A grantee under subparagraph (A)(ii)**  
11 **shall use the grant—**

12 ~~“(i) beginning farmers and ranchers;”~~ **“(i) to develop a business plan for viable**  
13 **marketing opportunities in emerging markets for a value-added agricultural**  
14 **product; or**

15 ~~“(ii) socially disadvantaged farmers or ranchers; and”~~ **“(ii) to develop strategies**  
16 **that are intended to create marketing opportunities in emerging markets for**  
17 **the value-added agricultural product.**

18 ~~“(iii) operators of small and medium-sized farms and ranches that are structured as~~  
19 ~~a family farm.”~~ **“(D) AWARD SELECTION.—**

20 **\*\* 1** ~~“(B)“(i) PRIORITY.—In making awarding grants under this section~~  
21 **subsection, the Secretary shall give priority to projects that serve— that—**

22 **“(I) contribute to increasing opportunities for operators of small- and**  
23 **medium-sized farms and ranches that are structured as family farms; or**

24 **“(II) at least 1/4 of the recipients of which are beginning farmers or**  
25 **ranchers or socially disadvantaged farmers or ranchers.**

26 **“(ii) RANKING.—In evaluating and ranking proposals under this**  
27 **subsection, the Secretary shall provide substantial weight to the priorities**  
28 **described in clause (i).**

29 **“(E) AMOUNT OF GRANT.—**

30 **“(i) IN GENERAL.—The total amount provided to a grant recipient under**  
31 **this subsection shall not exceed \$500,000.**

32 **“(ii) MAJORITY-CONTROLLED, PRODUCER-BASED BUSINESS VENTURES.—The**  
33 **total amount of all grants provided to majority-controlled, producer-based**  
34 **business ventures under this subsection for a fiscal year shall not exceed 10**  
35 **percent of the amount of funds used to make all grants for the fiscal year**  
36 **under this subsection.**

37 **“(F) TERM.—The term of a grant under this paragraph shall not exceed 3**  
38 **years.**

39 **“(G) SIMPLIFIED APPLICATION.—The Secretary shall offer a simplified**  
40 **application form and process for project proposals requesting less than \$50,000**

1           **under this subsection.**

2           **“(3) FUNDING.—**

3           \*\* 2 ~~“(3)“(A) AUTHORIZATION OF APPROPRIATIONS.—~~There is authorized to be  
4           appropriated to carry out this subsection \$40,000,000 for each of fiscal years 2013  
5           through 2017.

6           ~~“(D)“(B) RESERVATION OF FUNDS FOR PROJECTS TO BENEFIT BEGINNING FARMERS OR~~  
7           RANCHERS, SOCIALLY DISADVANTAGED FARMERS OR RANCHERS, AND MID-TIER VALUE  
8           CHAINS.—

9           “(i) IN GENERAL.—The Secretary shall reserve 10 percent of the amounts made  
10           available for each fiscal year under this subsection to fund projects that benefit  
11           beginning farmers or ranchers or socially disadvantaged farmers or ranchers.

12           “(ii) MID-TIER VALUE CHAINS.—The Secretary shall reserve 10 percent of the  
13           amounts made available for each fiscal year under this ~~paragraph~~ **subsection** to  
14           fund applications of eligible entities described in paragraph (2) that propose to  
15           develop mid-tier value chains.

16           “(iii) UNOBLIGATED AMOUNTS.—Any amounts in the reserves for a fiscal year  
17           established under clauses (i) and (ii) that are not obligated by June 30 of the fiscal  
18           year shall be available to the Secretary to make grants under this subsection to  
19           eligible entities in any State, as determined by the Secretary.

20  
21           \* 2 ~~“(3) Authorization of appropriations.—There is authorized to be appropriated to carry out~~  
22           this subsection \$40,000,000 for each of fiscal years 2013 through 2017.

23           “(c) Rural Cooperative Development Grants.—

24           “(1) DEFINITIONS.—In this subsection:

25           “(A) NONPROFIT INSTITUTION.—The term ‘nonprofit institution’ means any  
26           organization or institution, including an accredited institution of higher education, no  
27           part of the net earnings of which inures, or may lawfully inure, to the benefit of any  
28           private shareholder or individual.

29           “(B) UNITED STATES.—The term “‘United States’” means—

30           “(i) the several States;

31           “(ii) the District of Columbia;

32           “(iii) the Commonwealth of Puerto Rico;

33           “(iv) the United States Virgin Islands;

34           “(v) Guam; and

35           “(vi) American Samoa.

36           “(2) GRANTS.—The Secretary shall make grants under this subsection to nonprofit  
37           institutions for the purpose of enabling the nonprofit institutions to establish and operate  
38           centers for rural cooperative development.

1           “(3) GOALS.—The goals of a center funded under this subsection shall be to facilitate the  
2 creation of jobs in rural areas through the development of new rural cooperatives, value  
3 -added processing, and rural businesses.

4           “(4) APPLICATION.—

5               “(A) IN GENERAL.—Any nonprofit institution seeking a grant under paragraph (2)  
6 shall submit to the Secretary an application containing a plan for the establishment and  
7 operation by the institution of 1 or more centers for cooperative development.

8               “(B) REQUIREMENTS.—The Secretary may approve an application if the plan  
9 contains the following:

10                   “(i) A provision that substantiates that the center will effectively serve rural  
11 areas in the United States.

12                   “(ii) A provision that the primary objective of the center will be to improve the  
13 economic condition of rural areas through cooperative development.

14                   “(iii) A description of the activities that the center will carry out to accomplish  
15 the objective, which may include programs—

16                           “(I) for applied research and feasibility studies that may be useful to  
17 individuals, cooperatives, small businesses, and other similar entities in rural  
18 areas served by the center;

19                           “(II) for the collection, interpretation, and dissemination of information  
20 that may be useful to individuals, cooperatives, small businesses, and other  
21 similar entities in rural areas served by the center;

22                           “(III) providing training and instruction for individuals, cooperatives,  
23 small businesses, and other similar entities in rural areas served by the  
24 center;

25                           “(IV) providing loans and grants to individuals, cooperatives, small  
26 businesses, and other similar entities in rural areas served by the center;

27                           “(V) providing technical assistance, research services, and advisory  
28 services to individuals, cooperatives, small businesses, and other similar  
29 entities in rural areas served by the center; and

30                           “(VI) providing for the coordination of services and sharing of information  
31 by the center.

32                   “(iv) A description of the contributions that the activities are likely to make to  
33 the improvement of the economic conditions of the rural areas for which the  
34 center will provide services.

35                   “(v) Provisions that the center, in carrying out the activities, will seek, if  
36 appropriate, the advice, participation, expertise, and assistance of representatives  
37 of business, industry, educational institutions, the Federal Government, and State  
38 and local governments.

39                   “(vi) Provisions that the center will take all practicable steps to develop  
40 continuing sources of financial support for the center, particularly from sources in

1 the private sector.

2 “(vii) Provisions for—

3 “(I) monitoring and evaluating the activities by the nonprofit institution  
4 operating the center; and

5 “(II) accounting for funds received by the institution under this section.

6 “(5) AWARDING GRANTS.—

7 “(A) IN GENERAL.—Grants made under paragraph (2) shall be made on a  
8 competitive basis.

9 “(B) PREFERENCE.—In making grants under paragraph (2), the Secretary shall give  
10 preference to grant applications providing for the establishment of centers for rural  
11 cooperative development that—

12 “(i) demonstrate a proven track record in carrying out activities to promote and  
13 assist the development of cooperatively and mutually owned businesses;

14 “(ii) demonstrate previous expertise in providing technical assistance in rural  
15 areas to promote and assist the development of cooperatively and mutually owned  
16 businesses;

17 “(iii) demonstrate the ability to assist in the retention of businesses, facilitate  
18 the establishment of cooperatives and new cooperative approaches, and generate  
19 employment opportunities that will improve the economic conditions of rural  
20 areas;

21 “(iv) commit to providing technical assistance and other services to  
22 underserved and economically distressed areas in rural areas of the United States;

23 “(v) demonstrate a commitment to—

24 “(I) networking with and sharing the results of the efforts of the center  
25 with other cooperative development centers and other organizations involved  
26 in rural economic development efforts; and

27 “(II) developing multiorganization and multistate approaches to  
28 addressing the economic development and cooperative needs of rural areas;  
29 and

30 “(vi) commit to providing a 25 percent matching contribution with private  
31 funds and in-kind contributions, except that the Secretary shall not require  
32 non-Federal financial support in an amount that is greater than 5 percent in the  
33 case of a 1994 institution (as defined in section 532 of the Equity in Educational  
34 Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382)).

35 “(6) GRANT PERIOD.—

36 “(A) IN GENERAL.—A grant awarded to a center that has received no prior funding  
37 under this subsection shall be made for a period of 1 year.

38 “(B) MULTIYEAR GRANTS.—If the Secretary determines it to be in the best interest of  
39 the program, the Secretary shall award grants for a period of more than 1 year, but not

1 more than 3 years, to a center that has successfully met the requirements of paragraph  
2 (5)(B), as determined by the Secretary.

3 “(7) AUTHORITY TO EXTEND GRANT PERIOD.—The Secretary may extend for 1 additional  
4 12-month period the period during which a grantee may use a grant made under this  
5 subsection.

6 “(8) TECHNICAL ASSISTANCE TO PREVENT EXCESSIVE UNEMPLOYMENT OR  
7 UNDEREMPLOYMENT.—

8 “(A) IN GENERAL.—In carrying out this subsection, the Secretary may provide  
9 technical assistance to alleviate or prevent conditions of excessive unemployment,  
10 underemployment, outmigration, or low employment growth in economically  
11 distressed rural areas that the Secretary determines have a substantial need for the  
12 assistance.

13 “(B) INCLUSIONS.—The assistance may include planning and feasibility studies,  
14 management and operational assistance, and studies evaluating the need for the  
15 development potential of projects that increase employment and improve economic  
16 growth in the areas.

17 “(9) GRANTS TO DEFRAY ADMINISTRATIVE COSTS.—

18 “(A) IN GENERAL.—The Secretary may make grants to defray not to exceed 75  
19 percent of the costs incurred by organizations and public bodies to carry out projects  
20 for which grants or loans are made under this subsection.

21 “(B) COST-SHARING.—For purposes of determining the non-Federal share of the  
22 costs, the Secretary shall include contributions in cash and in kind, fairly evaluated,  
23 including premises, equipment, and services.

24 “(10) COOPERATIVE RESEARCH PROGRAM.—The Secretary shall offer to enter into a  
25 cooperative research agreement with 1 or more qualified academic institutions in each fiscal  
26 year to conduct research on the effects of all types of cooperatives on the national economy.

27 “(11) ADDRESSING NEEDS OF MINORITY COMMUNITIES.—

28 “(A) IN GENERAL.—If the total amount appropriated under paragraph (13) for a  
29 fiscal year exceeds \$7,500,000, the Secretary shall reserve an amount equal to 20  
30 percent of the total amount appropriated for grants for cooperative development  
31 centers, individual cooperatives, or groups of cooperatives—

32 “(i) that serve socially disadvantaged groups; and

33 “(ii) a majority of the boards of directors or governing boards of which are  
34 comprised of individuals who are members of socially disadvantaged groups.

35 “(B) INSUFFICIENT APPLICATIONS.—To the extent there are insufficient applications  
36 to carry out subparagraph (A), the Secretary shall use the funds as otherwise authorized  
37 by this subsection.

38 “(12) INTERAGENCY WORKING GROUP.—Not later than 90 days after the date of enactment  
39 of the        **Agriculture Reform, Food, and Jobs Act of 2012**, the Secretary shall  
40 coordinate and chair an interagency working group to foster cooperative development and

1 ensure coordination with Federal agencies and national and local cooperative organizations  
2 that have cooperative programs and interests.

3 “(13) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
4 carry out this subsection \$50,000,000 for each of fiscal years 2013 through 2017.

5 “(d) Appropriate Technology Transfer for Rural Areas Program.—

6 “(1) DEFINITION OF NATIONAL NONPROFIT AGRICULTURAL ASSISTANCE INSTITUTION.—In  
7 this subsection, the term ‘national nonprofit agricultural assistance institution’ means an  
8 organization that—

9 “(A) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and  
10 exempt from taxation under 501(a) of that Code;

11 “(B) has staff and offices in multiple regions of the United States;

12 “(C) has experience and expertise in operating national agricultural technical  
13 assistance programs;

14 “(D) expands markets for the agricultural commodities produced by producers  
15 through the use of practices that enhance the environment, natural resource base, and  
16 quality of life; and

17 “(E) improves the economic viability of agricultural operations.

18 “(2) ESTABLISHMENT.—The Secretary shall establish a national appropriate technology  
19 transfer for rural areas program to assist agricultural producers that are seeking  
20 information—

21 “(A) to reduce input costs;

22 “(B) to conserve energy resources;

23 “(C) to diversify operations through new energy crops and energy generation  
24 facilities; and

25 “(D) to expand markets for agricultural commodities produced by the producers by  
26 using practices that enhance the environment, natural resource base, and quality of life.

27 “(3) IMPLEMENTATION.—

28 “(A) IN GENERAL.—The Secretary shall carry out the program under this subsection  
29 by making a grant to, or offering to enter into a cooperative agreement with, a national  
30 nonprofit agricultural assistance institution.

31 “(B) GRANT AMOUNT.—A grant made, or cooperative agreement entered into, under  
32 subparagraph (A) shall provide 100 percent of the cost of providing information  
33 described in paragraph (2).

34 “(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
35 carry out this subsection \$5,000,000 for each of fiscal years 2013 through 2017.

36 “(e) Business and Industry Direct and Guaranteed Loans.—

37 “(1) DEFINITION OF BUSINESS AND INDUSTRY LOAN.—In this section, the term ‘business  
38 and industry loan’ means a direct loan that is made, or a loan that is guaranteed, by the

1 Secretary under this subsection.

2 “(2) LOAN PURPOSES.—The Secretary may make business and industry loans to public,  
3 private, or cooperative organizations organized for profit or nonprofit, private investment  
4 funds that invest primarily in cooperative organizations, or to individuals—

5 “(A) to improve, develop, or finance business, industry, and employment and  
6 improve the economic and environmental climate in rural communities, including  
7 pollution abatement and control;

8 “(B) to conserve, develop, and use water for aquaculture purposes in rural areas; and

9 “(C) to reduce the reliance on nonrenewable energy resources by encouraging the  
10 development and construction of renewable energy systems (including solar energy  
11 systems, wind energy systems, and anaerobic digestors for the purpose of energy  
12 generation), including the modification of existing systems, in rural areas.

13 “(3) LOAN GUARANTEES FOR CERTAIN LOANS.—The Secretary may guarantee loans made  
14 under this subsection to finance the issuance of bonds for the projects described in  
15 paragraph (2).

16 “(4) MAXIMUM AMOUNT OF PRINCIPAL.—

17 “(A) IN GENERAL.—Except as otherwise provided in this paragraph, no loan may be  
18 made, insured, or guaranteed under this subsection that exceeds \$25,000,000 in  
19 principal amount.

20 “(B) LIMITATIONS ON LOAN GUARANTEES FOR COOPERATIVE ORGANIZATIONS.—

21 “(i) PRINCIPAL AMOUNT.—Subject to clause (ii), the principal amount of a  
22 business and industry loan made to a cooperative organization and guaranteed  
23 under this subsection shall not exceed \$40,000,000.

24 “(ii) USE.—To be eligible for a guarantee under this subsection for a business  
25 and industry loan made to a cooperative organization, the principal amount of the  
26 loan in excess of \$25,000,000 shall be used to carry out a project that is in a rural  
27 area and—

28 “(I) provides for the value-added processing of agricultural commodities;  
29 or

30 “(II) significantly benefits 1 or more entities eligible for assistance for the  
31 purposes described in paragraph (2), as determined by the Secretary.

32 “(iii) APPLICATIONS.—If a cooperative organization submits an application for  
33 a guarantee under this paragraph, the Secretary shall make the determination  
34 whether to approve the application, and the Secretary may not delegate this  
35 authority.

36 “(iv) MAXIMUM AMOUNT.—The total amount of business and industry loans  
37 made to cooperative organizations and guaranteed for a fiscal year under this  
38 subsection with principal amounts that are in excess of \$25,000,000 may not  
39 exceed 10 percent of the total amount of business and industry loans guaranteed  
40 for the fiscal year under this subsection.

1           “(5) FEES.—The Secretary may assess a 1-time fee and an annual renewal fee for any  
2           guaranteed business and industry loan in an amount that does not exceed 3 percent of the  
3           guaranteed principal portion of the loan.

4           “(6) INTANGIBLE ASSETS.—In determining whether a cooperative organization is eligible  
5           for a guaranteed business and industry loan, the Secretary may consider the market value of  
6           a properly appraised brand name, patent, or trademark of the cooperative.

7           “(7) LOAN APPRAISALS.—The Secretary may require that any appraisal made in  
8           connection with a business and industry loan be conducted by a specialized appraiser that  
9           uses standards that are comparable to standards used for similar purposes in the private  
10          sector, as determined by the Secretary.

11          “(8) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

12           “(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to  
13           individual farmers or ranchers to purchase capital stock of a farmer or rancher  
14           cooperative established for the purpose of processing an agricultural commodity.

15           “(B) PROCESSING CONTRACTS DURING INITIAL PERIOD.—A cooperative described in  
16           subparagraph (A) for which a farmer or rancher receives a guarantee to purchase stock  
17           under that subparagraph may contract for services to process agricultural commodities  
18           or otherwise process value added for the period beginning on the date of the startup of  
19           the cooperative in order to provide adequate time for the planning and construction of  
20           the processing facility of the cooperative.

21           “(C) FINANCIAL INFORMATION.—Financial information required by the Secretary  
22           from a farmer or rancher as a condition of making a business and industry loan  
23           guarantee under this paragraph shall be provided in the manner generally required by  
24           commercial agricultural lenders in the applicable area.

25          “(9) LOANS TO COOPERATIVES.—

26           “(A) ELIGIBILITY.—

27           “(i) IN GENERAL.—The Secretary may make or guarantee a business and  
28           industry loan to a cooperative organization that is headquartered in a metropolitan  
29           area if the loan is—

30                   “(I) used for a project or venture described in paragraph (2) that is located  
31                   in a rural area; or

32                   “(II) a loan guarantee that meets the requirements of paragraph (10).

33           “(ii) EQUITY.—The Secretary may guarantee a loan made for the purchase of  
34           preferred stock or similar equity issued by a cooperative organization or a fund  
35           that invests primarily in cooperative organizations, if the guarantee significantly  
36           benefits 1 or more entities eligible for assistance for the purposes described in  
37           paragraph (2)(A), as determined by the Secretary.

38           “(B) REFINANCING.—A cooperative organization that is eligible for a business and  
39           industry loan shall be eligible to refinance an existing business and industry loan with a  
40           lender if—

- 1                   “(i) the cooperative organization—  
2                    “(I) is current and performing with respect to the existing loan; and  
3                    “(II)(aa) is not, and has not been, in payment default, with respect to the  
4                    existing loan; or  
5                    “(bb) has not converted any of the collateral with respect to the existing  
6                    loan; and  
7                   “(ii) there is adequate security or full collateral for the refinanced loan.
- 8                   “(10) LOAN GUARANTEES IN NONRURAL AREAS.—The Secretary may guarantee a business  
9                   and industry loan to a cooperative organization for a facility that is not located in a rural  
10                  area if—  
11                  “(A) the primary purpose of the loan guarantee is for a facility to provide  
12                  value-added processing for agricultural producers that are located within 80 miles of  
13                  the facility;  
14                  “(B) the applicant demonstrates to the Secretary that the primary benefit of the loan  
15                  guarantee will be to provide employment for residents of a rural area; and  
16                  “(C) the total amount of business and industry loans guaranteed for a fiscal year  
17                  under this paragraph does not exceed 10 percent of the business and industry loans  
18                  guaranteed for the fiscal year under this subsection.
- 19                  “(11) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCTS.—  
20                  “(A) DEFINITIONS.—In this paragraph:  
21                  “(i) LOCALLY OR REGIONALLY PRODUCED AGRICULTURAL FOOD PRODUCT.—The  
22                  term ‘locally or regionally produced agricultural food product’ means any  
23                  agricultural food product that is raised, produced, and distributed in—  
24                  “(I) the locality or region in which the final product is marketed, so that  
25                  the total distance that the product is transported is less than 400 miles from  
26                  the origin of the product; or  
27                  “(II) the State in which the product is produced.  
28                  “(ii) UNDERSERVED COMMUNITY.—The term ‘underserved community’ means  
29                  a community (including an urban or rural community and an Indian tribal  
30                  community) that, as determined by the Secretary, has—  
31                  “(I) limited access to affordable, healthy foods, including fresh fruits and  
32                  vegetables, in grocery retail stores or farmer-to-consumer direct markets; and  
33                  “(II) a high rate of hunger or food insecurity or a high poverty rate.
- 34                  “(B) LOAN AND LOAN GUARANTEE PROGRAM.—  
35                  “(i) IN GENERAL.—The Secretary shall make or guarantee loans to individuals,  
36                  cooperatives, cooperative organizations, businesses, and other entities to establish  
37                  and facilitate enterprises that process, distribute, aggregate, store, and market  
38                  locally or regionally produced agricultural food products to support community  
39                  development and farm income.

1           “(ii) REQUIREMENT.—The recipient of a loan or loan guarantee under this  
2 paragraph shall include in an appropriate agreement with retail and institutional  
3 facilities to which the recipient sells locally or regionally produced agricultural  
4 food products a requirement to inform consumers of the retail or institutional  
5 facilities that the consumers are purchasing or consuming locally or regionally  
6 produced agricultural food products.

7           “(iii) PRIORITY.—In making or guaranteeing a loan under this paragraph, the  
8 Secretary shall give priority to projects that have components benefitting  
9 underserved communities.

10           “(iv) REPORTS.—Not later than 2 years after the date of enactment of the  
11       **Agriculture Reform, Food, and Jobs** Act of 2012 and annually thereafter,  
12 the Secretary shall submit to the Committee on Agriculture of the House of  
13 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the  
14 Senate, and publish on the Internet, a report that describes projects carried out  
15 using loans or loan guarantees made under clause (i), including—

16                   “(I) summary information about all projects;

17                   “(II) the characteristics of the communities served; and

18                   “(III) resulting benefits.

19           “(v) RESERVATION OF FUNDS.—For each of fiscal years 2012 through 2017, the  
20 Secretary shall reserve not less than 5 percent of the total amount of funds made  
21 available to carry out this subsection to carry out this paragraph until April 1 of  
22 the fiscal year.

23           “(vi) OUTREACH.—The Secretary shall develop and implement an outreach  
24 plan to publicize the availability of loans and loan guarantees under this  
25 paragraph, working closely with rural cooperative development centers, credit  
26 unions, community development financial institutions, regional economic  
27 development authorities, and other financial and economic development entities.

28           “(12) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
29 carry out this subsection \$75,000,000 for each of fiscal years 2013 through 2017.

30           “(f) Relending Programs.—

31                   “(1) INTERMEDIATE RELENDING PROGRAM.—

32                           “(A) IN GENERAL.—The Secretary may make or guarantee loans to eligible entities  
33 described in subparagraph (B) so that the eligible entities may relend the funds to  
34 individuals and entities for the purposes described in subparagraph (C).

35                           “(B) ELIGIBLE ENTITIES.—Entities eligible for loans and loan guarantees described  
36 in subparagraph (A) are—

37                                   “(i) public agencies;

38                                   “(ii) Indian tribes;

39                                   “(iii) cooperatives; and

40                                   “(iv) nonprofit corporations.

1           “(C) ELIGIBLE PURPOSES.—The proceeds from loans made or guaranteed by the  
2 Secretary pursuant to subparagraph (A) may be relented by eligible entities for projects  
3 that—

4           “(i) predominately serve communities in rural areas; and

5           “(ii) as determined by the Secretary—

6           “(I) promote community development;

7           “(II) establish new businesses;

8           “(III) establish and support microlending programs; and

9           “(IV) create or retain employment opportunities.

10          “(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated  
11 to carry out this subsection \$50,000,000 for each of fiscal years 2013 through 2017.

12          “(2) RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.—

13          “(A) DEFINITIONS.—In this paragraph:

14           “(i) MICROENTREPRENEUR.—The term ‘microentrepreneur’ means an owner  
15 and operator, or prospective owner and operator, of a rural microenterprise who is  
16 unable to obtain sufficient training, technical assistance, or credit other than under  
17 this subsection, as determined by the Secretary.

18           “(ii) MICROENTERPRISE DEVELOPMENT ORGANIZATION.—The term  
19 ‘microenterprise development organization’ means an organization that is—

20           “(I) a nonprofit entity;

21           “(II) an Indian tribe, the tribal government of which certifies to the  
22 Secretary that—

23           “(aa) no microenterprise development organization serves the Indian  
24 tribe; and

25           “(bb) no rural microentrepreneur assistance program exists under the  
26 jurisdiction of the Indian tribe;

27           “(III) a public institution of higher education; or

28           “(IV) a collaboration of rural nonprofit entities serving a region or State, if  
29 1 lead nonprofit entity is the sole underwriter of all loans and is responsible  
30 for associated risks.

31           “(iii) MICROLOAN.—The term ‘microloan’ means a business loan of not more  
32 than \$50,000 that is provided to a rural microenterprise.

33           “(iv) PROGRAM.—The term ‘program’ means the rural microentrepreneur  
34 assistance program established under subparagraph (B).

35           “(v) RURAL MICROENTERPRISE.—The term ‘rural microenterprise’ means a  
36 business entity with not more than 10 full-time equivalent employees located in a  
37 rural area.

1           “(vi) TRAINING.—The term ‘training’ means teaching broad business principles  
2           or general business skills in a group or public setting.

3           “(vii) TECHNICAL ASSISTANCE.—The term ‘technical assistance’ means  
4           working with a business client in a 1-to-1 manner to provide business and  
5           financial management counseling, assist in the preparation of business or  
6           marketing plans, or provide other skills tailored to an individual  
7           microentrepreneur.

8           “(B) RURAL MICROENTREPRENEUR ASSISTANCE PROGRAM.—

9           “(i) ESTABLISHMENT.—The Secretary shall establish a rural microentrepreneur  
10           assistance program to provide loans and grants to support microentrepreneurs in  
11           the development and ongoing success of rural microenterprises.

12           “(ii) PURPOSE.—The purpose of the program is to provide microentrepreneurs  
13           with—

14                   “(I) the skills necessary to establish new rural microenterprises; and

15                   “(II) continuing technical and financial assistance related to the successful  
16                   operation of rural microenterprises.

17           “(iii) LOANS.—

18                   “(I) IN GENERAL.—The Secretary shall make loans to microenterprise  
19                   development organizations for the purpose of providing fixed-interest rate  
20                   microloans to microentrepreneurs for startup and growing rural  
21                   microenterprises.

22                   “(II) LOAN TERMS.—A loan made by the Secretary to a microenterprise  
23                   development organization under this subparagraph shall—

24                           “(aa) be for a term not to exceed 20 years; and

25                           “(bb) bear an annual interest rate of at least 1 percent.

26                   “(III) LOAN LOSS RESERVE FUND.—The Secretary shall require each  
27                   microenterprise development organization that receives a loan under this  
28                   subparagraph to—

29                           “(aa) establish a loan loss reserve fund; and

30                           “(bb) maintain the reserve fund in an amount equal to at least 5  
31                           percent of the outstanding balance of such loans owed by the  
32                           microenterprise development organization, until all obligations owed to  
33                           the Secretary under this subparagraph are repaid.

34                   “(IV) DEFERRAL OF INTEREST AND PRINCIPAL.—The Secretary may permit  
35                   the deferral of payments on principal and interest due on a loan to a  
36                   microenterprise development organization made under this paragraph for a  
37                   2-year period beginning on the date on which the loan is made.

38           “(iv) GRANTS TO SUPPORT RURAL MICROENTERPRISE DEVELOPMENT.—

39                   “(I) IN GENERAL.—The Secretary shall make grants to microenterprise

1 development organizations—

2 “(aa) to provide training and technical assistance, and other related  
3 services to rural microentrepreneurs; and

4 “(bb) to carry out such other projects and activities as the Secretary  
5 determines appropriate to further the purposes of the program.

6 “(II) SELECTION.—In making grants under subclause (I), the Secretary  
7 shall—

8 “(aa) place an emphasis on microenterprise development  
9 organizations that serve microentrepreneurs that are located in rural  
10 areas that have suffered significant outward migration, as determined by  
11 the Secretary; and

12 “(bb) ensure, to the maximum extent practicable, that grant recipients  
13 include microenterprise development organizations of varying sizes and  
14 that serve racially and ethnically diverse populations.

15 “(v) GRANTS TO ASSIST MICROENTREPRENEURS.—

16 “(I) IN GENERAL.—The Secretary shall make grants to microenterprise  
17 development organizations to provide technical assistance to  
18 microentrepreneurs that—

19 “(aa) received a loan from the microenterprise development  
20 organization under subparagraph (B)(iii); or

21 “(bb) are seeking a loan from the microenterprise development  
22 organization under subparagraph (B)(iii).

23 “(II) MAXIMUM AMOUNT OF TECHNICAL ASSISTANCE GRANT.—A  
24 microenterprise development organization shall be eligible to receive an  
25 annual grant under this clause in an amount equal to not more than 25  
26 percent of the total outstanding balance of microloans made by the  
27 microenterprise development organization under clause (iii), as of the date  
28 the grant is awarded.

29 “(vi) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of a grant  
30 received by a microenterprise development organization for a fiscal year under  
31 this subparagraph may be used to pay administrative expenses.

32 “(C) ADMINISTRATION.—

33 “(i) MATCHING REQUIREMENT.—As a condition of any grant made under  
34 clauses (iv) and (v) of subparagraph (B), the Secretary shall require the  
35 microenterprise development organization to match not less than 15 percent of the  
36 total amount of the grant in the form of matching funds (including community  
37 development block grants), indirect costs, or in-kind goods or services.

38 “(ii) OVERSIGHT.—At a minimum, not later than December 1 of each fiscal  
39 year, a microenterprise development organization that receives a loan or grant  
40 under this section shall provide to the Secretary such information as the Secretary

1           may require to ensure that assistance provided under this section is used for the  
2           purposes for which the loan or grant was made.

3           “(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated  
4           to carry out this paragraph \$40,000,000 for each of fiscal years 2013 through 2017.

## 5   “SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.

6   “(a) Definitions.—In this section,:

7           “(1) ARTICLES.—The term ‘articles’ means articles of incorporation for an incorporated  
8           body or the functional equivalent or other similar documents specified by the Secretary for  
9           other business entities.

10          “(2) DEVELOPMENTAL VENTURE CAPITAL.—The term ‘developmental venture capital’  
11          means capital in the form of equity capital investments in rural business investment  
12          companies with an objective of fostering economic development in rural areas.

13          “(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

14                  “(A) IN GENERAL.—The terms ‘employee welfare benefit plan’ and ‘pension plan’  
15                  have the meanings given the terms in section 3 of the Employee Retirement Income  
16                  Security Act of 1974 (29 U.S.C. 1002).

17                  “(B) INCLUSIONS.—The terms ‘employee welfare benefit plan’ and ‘pension plan’  
18                  include—

19                          “(i) public and private pension or retirement plans subject to this subtitle; and

20                          “(ii) similar plans not covered by this subtitle that have been established, and  
21                          that are maintained, by the Federal Government or any State (including by a  
22                          political subdivision, agency, or instrumentality of the Federal Government or a  
23                          State) for the benefit of employees.

24          “(4) EQUITY CAPITAL.—The term ‘equity capital’ means common or preferred stock or a  
25          similar instrument, including subordinated debt with equity features.

26          “(5) LEVERAGE.—The term ‘leverage’ includes—

27                  “(A) debentures purchased or guaranteed by the Secretary;

28                  “(B) participating securities purchased or guaranteed by the Secretary; and

29                  “(C) preferred securities outstanding as of the date of enactment of the

30                        **Agriculture Reform, Food, and Jobs** Act of 2012.

31          “(6) LICENSE.—The term ‘license’ means a license issued by the Secretary in accordance  
32          with in subsection (d)(5).

33          “(7) LIMITED LIABILITY COMPANY.—The term ‘limited liability company’ means a  
34          business entity that is organized and operating in accordance with a State limited liability  
35          company law approved by the Secretary.

36          “(8) MEMBER.—The term ‘member’ means, with respect to a rural business investment  
37          company that is a limited liability company, a holder of an ownership interest, or a person  
38          otherwise admitted to membership in the limited liability company.

1           “(9) OPERATIONAL ASSISTANCE.—The term ‘operational assistance’ means management,  
2           marketing, and other technical assistance that assists a rural business concern with business  
3           development.

4           “(10) PARTICIPATION AGREEMENT.—The term ‘participation agreement’ means an  
5           agreement, between the Secretary and a rural business investment company granted final  
6           approval under subsection (d)(5), that requires the rural business investment company to  
7           make investments in smaller enterprises in rural areas.

8           “(11) PRIVATE CAPITAL.—

9           “(A) IN GENERAL.—The term ‘private capital’ means the total of—

10           “(i)(I) the paid-in capital and paid-in surplus of a corporate rural business  
11           investment company;

12           “(II) the contributed capital of the partners of a partnership rural business  
13           investment company; or

14           “(III) the equity investment of the members of a limited liability company rural  
15           business investment company; and

16           “(ii) unfunded binding commitments from investors that meet criteria  
17           established by the Secretary to contribute capital to the rural business investment  
18           company, except that—

19           “(I) unfunded commitments may be counted as private capital for purposes  
20           of approval by the Secretary of any request for leverage; but

21           “(II) leverage shall not be funded based on the commitments.

22           “(B) EXCLUSIONS.—The term ‘private capital’ does not include—

23           “(i) any funds borrowed by a rural business investment company from any  
24           source;

25           “(ii) any funds obtained through the issuance of leverage; or

26           “(iii) any funds obtained directly or indirectly from the Federal Government or  
27           any State (including by a political subdivision, agency, or instrumentality of the  
28           Federal Government or a State), except for—

29           “(I) funds obtained from the business revenues (excluding any  
30           governmental appropriation) of any Federally chartered or  
31           government-sponsored enterprise established prior to the date of enactment  
32           of the       **Agriculture Reform, Food, and Jobs Act of 2012;**

33           “(II) funds invested by an employee welfare benefit plan or pension plan;  
34           and

35           “(III) any qualified nonprivate funds (if the investors of the qualified  
36           nonprivate funds do not control, directly or indirectly, the management,  
37           board of directors, general partners, or members of the rural business  
38           investment company).

39           “(12) QUALIFIED NONPRIVATE FUNDS.—The term ‘qualified nonprivate funds’ means

1 any—

2 “(A) funds directly or indirectly invested in any applicant or rural business  
3 investment company on or before the date of enactment of the       **Agriculture**  
4 **Reform, Food, and Jobs** Act of 2012 by any Federal agency, other than the  
5 Department, under a provision of law explicitly mandating the inclusion of those funds  
6 in the definition of the term ‘private capital’; and

7 “(B) funds invested in any applicant or rural business investment company by 1 or  
8 more entities of any State (including by a political subdivision, agency, or  
9 instrumentality of the State and including any guarantee extended by those entities) in  
10 an aggregate amount that does not exceed 33 percent of the private capital of the  
11 applicant or rural business investment company.

12 “(13) RURAL BUSINESS CONCERN.—The term ‘rural business concern’ means—

13 “(A) a public, private, or cooperative for-profit or nonprofit organization;

14 “(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or  
15 State reservation or other Federally recognized Indian tribal group; or

16 “(C) any other person or entity that primarily operates in a rural area, as determined  
17 by the Secretary.

18 “(14) RURAL BUSINESS INVESTMENT COMPANY.—The term ‘rural business investment  
19 company’ means a company that—

20 “(A) has been granted final approval by the Secretary under subsection (d)(5); and

21 “(B) has entered into a participation agreement with the Secretary.

22 “(15) SMALLER ENTERPRISE.—

23 “(A) IN GENERAL.—The term ‘smaller enterprise’ means any rural business concern  
24 that, together with its affiliates—

25 “(i) has—

26 “(I) a net financial worth of not more than \$6,000,000, as of the date on  
27 which assistance is provided under this section to the rural business concern;  
28 and

29 “(II) except as provided in subparagraph (B), an average net income for  
30 the 2-year period preceding the date on which assistance is provided under  
31 this section to the rural business concern, of not more than \$2,000,000, after  
32 Federal income taxes (excluding any carryover losses); or

33 “(ii) satisfies the standard industrial classification size standards established by  
34 the Administrator of the Small Business Administration for the industry in which  
35 the rural business concern is primarily engaged.

36 “(B) EXCEPTION.—For purposes of subparagraph (A)(i)(II), if the rural business  
37 concern is not required by law to pay Federal income taxes at the enterprise level, but  
38 is required to pass income through to the shareholders, partners, beneficiaries, or other  
39 equitable owners of the business concern, the net income of the business concern shall  
40 be determined by allowing a deduction in an amount equal to the total of—

1 “(i) if the rural business concern is not required by law to pay State (and local,  
2 if any) income taxes at the enterprise level, the product obtained by multiplying—

3 “(I) the net income (determined without regard to this subparagraph); by

4 “(II) the marginal State income tax rate (or by the combined State and  
5 local income tax rates, as applicable) that would have applied if the business  
6 concern were a corporation; and

7 “(ii) the product obtained by multiplying—

8 “(I) the net income (so determined) less any deduction for State (and local)  
9 income taxes calculated under clause (i); by

10 “(II) the marginal Federal income tax rate that would have applied if the  
11 rural business concern were a corporation.

12 “(b) Purposes.—The purposes of the Rural Business Investment Program established under  
13 this section are—

14 “(1) to promote economic development and the creation of wealth and job opportunities  
15 in rural areas and among individuals living in those areas by encouraging developmental  
16 venture capital investments in smaller enterprises primarily located in rural areas; and

17 “(2) to establish a developmental venture capital program, with the mission of addressing  
18 the unmet equity investment needs of small enterprises located in rural areas, by authorizing  
19 the Secretary—

20 “(A) to enter into participation agreements with rural business investment  
21 companies;

22 “(B) to guarantee debentures of rural business investment companies to enable each  
23 rural business investment company to make developmental venture capital investments  
24 in smaller enterprises in rural areas; and

25 “(C) to make grants to rural business investment companies, and to other entities, for  
26 the purpose of providing operational assistance to smaller enterprises financed, or  
27 expected to be financed, by rural business investment companies.

28 “(c) Establishment.—In accordance with this subtitle, the Secretary shall establish a Rural  
29 Business Investment Program, under which the Secretary may—

30 “(1) enter into participation agreements with companies granted final approval under  
31 subsection (d)(5) for the purposes described in subsection (b);

32 “(2) guarantee the debentures issued by rural business investment companies as provided  
33 in subsection (e); and

34 “(3) make grants to rural business investment companies, and to other entities, under  
35 subsection (h).

36 “(d) Selection of Rural Business Investment Companies.—

37 “(1) ELIGIBILITY.—A company shall be eligible to apply to participate, as a rural business  
38 investment company, in the program established under this section if—

39 “(A) the company is a newly formed for-profit entity or a newly formed for-profit

1 subsidiary of such an entity;

2 “(B) the company has a management team with experience in community  
3 development financing or relevant venture capital financing; and

4 “(C) the company will invest in enterprises that will create wealth and job  
5 opportunities in rural areas, with an emphasis on smaller enterprises.

6 “(2) APPLICATION.—To participate, as a rural business investment company, in the  
7 program established under this section, a company meeting the eligibility requirements of  
8 paragraph (1) shall submit an application to the Secretary that includes—

9 “(A) a business plan describing how the company intends to make successful  
10 developmental venture capital investments in identified rural areas;

11 “(B) information regarding the community development finance or relevant venture  
12 capital qualifications and general reputation of the management of the company;

13 “(C) a description of how the company intends to work with community-based  
14 organizations and local entities (including local economic development companies,  
15 local lenders, and local investors) and to seek to address the unmet equity capital needs  
16 of the communities served;

17 “(D) a proposal describing how the company intends to use the grant funds provided  
18 under this section to provide operational assistance to smaller enterprises financed by  
19 the company, including information regarding whether the company intends to use  
20 licensed professionals, as necessary, on the staff of the company or from an outside  
21 entity;

22 “(E) with respect to binding commitments to be made to the company under this  
23 section, an estimate of the ratio of cash to in-kind contributions;

24 “(F) a description of the criteria to be used to evaluate whether and to what extent  
25 the company meets the purposes of the program established under this section;

26 “(G) information regarding the management and financial strength of any parent  
27 firm, affiliated firm, or any other firm essential to the success of the business plan of  
28 the company; and

29 “(H) such other information as the Secretary may require.

30 “(3) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an  
31 application under this subsection, the Secretary shall provide to the applicant a written  
32 report describing the status of the application and any requirements remaining for  
33 completion of the application.

34 “(4) MATTERS CONSIDERED.—In reviewing and processing any application under this  
35 subsection, the Secretary shall—

36 “(A) determine whether—

37 “(i) the applicant meets the requirements of paragraph (5); and

38 “(ii) the management of the applicant is qualified and has the knowledge,  
39 experience, and capability necessary to comply with this section;

1 “(B) take into consideration—  
2 “(i) the need for and availability of financing for rural business concerns in the  
3 geographic area in which the applicant is to commence business;  
4 “(ii) the general business reputation of the owners and management of the  
5 applicant; and  
6 “(iii) the probability of successful operations of the applicant, including  
7 adequate profitability and financial soundness; and  
8 “(C) not take into consideration any projected shortage or unavailability of grant  
9 funds or leverage.

10 “(5) APPROVAL; LICENSE.—

11 “(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary may  
12 approve an applicant to operate as a rural business investment company under this  
13 subtitle and license the applicant as a rural business investment company, if—

14 “(i) the Secretary determines that the application satisfies the requirements of  
15 paragraph (2);

16 “(ii) the area in which the rural business investment company is to conduct its  
17 operations, and establishment of branch offices or agencies (if authorized by the  
18 articles), are approved by the Secretary; and

19 “(iii) the applicant enters into a participation agreement with the Secretary.

20 “(B) CAPITAL REQUIREMENTS.—

21 “(i) IN GENERAL.—Notwithstanding any other provision of this section, the  
22 Secretary may approve an applicant to operate as a rural business investment  
23 company under this section and designate the applicant as a rural business  
24 investment company, if the Secretary determines that the applicant—

25 “(I) has private capital as determined by the Secretary;

26 “(II) would otherwise be approved under this section, except that the  
27 applicant does not satisfy the requirements of subsection (i)(3); and

28 “(III) has a viable business plan that—

29 “(aa) reasonably projects profitable operations; and

30 “(bb) has a reasonable timetable for achieving a level of private  
31 capital that satisfies the requirements of subsection (i)(3).

32 “(ii) LEVERAGE.—An applicant approved under clause (i) shall not be eligible  
33 to receive leverage under this section until the applicant satisfies the requirements  
34 of section 3602(i)(3).

35 “(iii) GRANTS.—An applicant approved under clause (i) shall be eligible for  
36 grants under subsection (h) in proportion to the private capital of the applicant, as  
37 determined by the Secretary.

38 “(e) Debentures.—

1           “(1) IN GENERAL.—The Secretary may guarantee the timely payment of principal and  
2 interest, as scheduled, on debentures issued by any rural business investment company.

3           “(2) TERMS AND CONDITIONS.—The Secretary may make guarantees under this  
4 subsection on such terms and conditions as the Secretary considers appropriate, except that  
5 the term of any debenture guaranteed under this section shall not exceed 15 years.

6           “(3) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 3901 shall apply to any  
7 guarantee under this subsection.

8           “(4) MAXIMUM GUARANTEE.—Under this subsection, the Secretary may—

9               “(A) guarantee the debentures issued by a rural business investment company only  
10 to the extent that the total face amount of outstanding guaranteed debentures of the  
11 rural business investment company does not exceed the lesser of—

12                   “(i) 300 percent of the private capital of the rural business investment company;  
13 or

14                   “(ii) \$105,000,000; and

15               “(B) provide for the use of discounted debentures.

16           “(f) Issuance and Guarantee of Trust Certificates.—

17               “(1) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all  
18 or a fractional part of debentures issued by a rural business investment company and  
19 guaranteed by the Secretary under this section, if the certificates are based on and backed by  
20 a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

21               “(2) GUARANTEE.—

22                   “(A) IN GENERAL.—The Secretary may, under such terms and conditions as the  
23 Secretary considers appropriate, guarantee the timely payment of the principal of and  
24 interest on trust certificates issued by the Secretary or agents of the Secretary for  
25 purposes of this subsection.

26                   “(B) LIMITATION.—Each guarantee under this paragraph shall be limited to the  
27 extent of principal and interest on the guaranteed debentures that compose the trust or  
28 pool.

29               “(C) PREPAYMENT OR DEFAULT.—

30                   “(i) IN GENERAL.—

31                       “(I) AUTHORITY TO PREPAY.—A debenture may be prepaid at any time  
32 without penalty.

33                       “(II) REDUCTION OF GUARANTEE.—Subject to subclause (I), if a debenture  
34 in a trust or pool is prepaid, or in the event of default of such a debenture, the  
35 guarantee of timely payment of principal and interest on the trust certificates  
36 shall be reduced in proportion to the amount of principal and interest the  
37 prepaid debenture represents in the trust or pool.

38                   “(ii) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be  
39 guaranteed by the Secretary only through the date of payment of the guarantee.

1           “(iii) REDEMPTION.—At any time during the term of a trust certificate, the trust  
2           certificate may be called for redemption due to prepayment or default of all  
3           debentures.

4           “(3) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 3901 shall apply to any  
5           guarantee of a trust certificate issued by the Secretary under this section.

6           “(4) SUBROGATION AND OWNERSHIP RIGHTS.—

7           “(A) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under  
8           this section, the claim shall be subrogated fully to the rights satisfied by the payment.

9           “(B) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the  
10          exercise by the Secretary of the ownership rights of the Secretary in a debenture  
11          residing in a trust or pool against which 1 or more trust certificates are issued under  
12          this subsection.

13          “(5) MANAGEMENT AND ADMINISTRATION.—

14          “(A) REGISTRATION.—The Secretary shall provide for a central registration of all  
15          trust certificates issued under this subsection.

16          “(B) CREATION OF POOLS.—The Secretary may—

17           “(i) maintain such commercial bank accounts or investments in obligations of  
18           the United States as may be necessary to facilitate the creation of trusts or pools  
19           backed by debentures guaranteed under this subtitle; and

20           “(ii) issue trust certificates to facilitate the creation of those trusts or pools.

21          “(C) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing  
22          functions on behalf of the Secretary under this paragraph shall provide a fidelity bond  
23          or insurance in such amount as the Secretary considers to be necessary to fully protect  
24          the interests of the United States.

25          “(D) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers  
26          and dealers in trust certificates issued under this subsection.

27          “(E) ELECTRONIC REGISTRATION.—Nothing in this paragraph prohibits the use of a  
28          book-entry or other electronic form of registration for trust certificates issued under  
29          this subsection.

30          “(g) Fees.—

31           “(1) IN GENERAL.—The Secretary may charge a fee that does not exceed \$500 with  
32           respect to any guarantee or grant issued under this section.

33           “(2) TRUST CERTIFICATE.—Notwithstanding paragraph (1), the Secretary shall not collect  
34           a fee for any guarantee of a trust certificate under subsection (f), except that any agent of the  
35           Secretary may collect a fee that does not exceed \$500 for the functions described in  
36           subsection (f)(5)(B).

37          “(3) LICENSE.—

38           “(A) IN GENERAL.—Except as provided in subparagraph (C), the Secretary may  
39           prescribe fees to be paid by each applicant for a license to operate as a rural business

1 investment company under this section.

2 “(B) USE OF AMOUNTS.—Fees collected under this paragraph—

3 “(i) shall be deposited in the account for salaries and expenses of the Secretary;

4 “(ii) are authorized to be appropriated solely to cover the costs of licensing  
5 examinations; and

6 “(iii) shall—

7 “(I) in the case of a license issued before the date of enactment of the  
8 ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs** Act of 2012, not exceed \$500  
9 for any fee collected under this paragraph; and

10 “(II) in the case of a license issued after the date of enactment of the  
11 ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs** Act of 2012, be a rate as  
12 determined by the Secretary.

13 “(C) PROHIBITION ON COLLECTION OF CERTAIN FEES.—In the case of a license  
14 described in subparagraph (A) that was approved before July 1, 2007, the Secretary  
15 shall not collect any fees due on or after the date of enactment of the  
16 ~~\_\_\_\_\_~~**Agriculture Reform, Food, and Jobs** Act of 2012.

17 “(h) Operational Assistance Grants.—

18 “(1) IN GENERAL.—In accordance with this subsection, the Secretary may make grants to  
19 rural business investment companies and to other entities, as authorized by this section, to  
20 provide operational assistance to smaller enterprises financed, or expected to be financed,  
21 by the entities.

22 “(2) TERMS.—Grants made under this subsection shall be made over a multiyear period  
23 (not to exceed 10 years) under such terms as the Secretary may require.

24 “(3) USE OF FUNDS.—The proceeds of a grant made under this subsection may be used by  
25 the rural business investment company receiving the grant only to provide operational  
26 assistance in connection with an equity or prospective equity investment in a business  
27 located in a rural area.

28 “(4) SUBMISSION OF PLANS.—A rural business investment company shall be eligible for a  
29 grant under this subsection only if the rural business investment company submits to the  
30 Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

31 “(5) GRANT AMOUNT.—

32 “(A) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under  
33 this subsection to a rural business investment company shall be equal to the lesser of—

34 “(i) 10 percent of the private capital raised by the rural business investment  
35 company; or

36 “(ii) \$1,000,000.

37 “(6) OTHER ENTITIES.—The amount of a grant made under this subsection to any entity  
38 other than a rural business investment company shall be equal to the resources (in cash or in  
39 kind) raised by the entity in accordance with the requirements applicable to rural business

1 investment companies under this section.

2 “(i) Rural Business Investment Companies.—

3 “(1) ORGANIZATION.—For purposes of this subsection, a rural business investment  
4 company shall—

5 “(A) be an incorporated body, a limited liability company, or a limited partnership  
6 organized and chartered or otherwise existing under State law solely for the purpose of  
7 performing the functions and conducting the activities authorized by this section; **and**

8 “(B)(i) if incorporated, have succession for a period of not less than 30 years unless  
9 earlier dissolved by the shareholders of the rural business investment company; and

10 “(ii) if a limited partnership or a limited liability company, have succession for a  
11 period of not less than 10 years; and

12 “(iii) possess the powers reasonably necessary to perform the functions and conduct  
13 the activities.

14 “(2) ARTICLES.—The articles of any rural business investment company—

15 “(A) shall specify in general terms—

16 “(i) the purposes for which the rural business investment company is formed;

17 “(ii) the name of the rural business investment company;

18 “(iii) the 1 or more areas in which the operations of the rural business  
19 investment company are to be carried out;

20 “(iv) the place where the principal office of the rural business investment  
21 company is to be located; and

22 “(v) the amount and classes of the shares of capital stock of the rural business  
23 investment company;

24 “(B) may contain any other provisions consistent with this section that the rural  
25 business investment company may determine appropriate to adopt for the regulation of  
26 the business of the rural business investment company and the conduct of the affairs of  
27 the rural business investment company; and

28 “(C) shall be subject to the approval of the Secretary.

29 “(3) CAPITAL REQUIREMENTS.—

30 “(A) IN GENERAL.—Each rural business investment company shall be required to  
31 meet the capital requirements as provided by the Secretary.

32 “(B) TIME FRAME.—Each rural business investment company shall have a period of  
33 2 years to meet the capital requirements of this paragraph.

34 “(C) ADEQUACY.—In addition to the requirements of subparagraph (A), the  
35 Secretary shall—

36 “(i) determine whether the private capital of each rural business investment  
37 company is adequate to ensure a reasonable prospect that the rural business  
38 investment company will be operated soundly and profitably, and managed

1 actively and prudently in accordance with the articles of the rural business  
2 investment company;

3 “(ii) determine that the rural business investment company will be able to  
4 comply with the requirements of this section;

5 “(iii) require that at least 75 percent of the capital of each rural business  
6 investment company is invested in rural business concerns;

7 “(iv) ensure that the rural business investment company is designed primarily  
8 to meet equity capital needs of the businesses in which the rural business  
9 investment company invests and not to compete with traditional small business  
10 financing by commercial lenders; and

11 “(v) require that the rural business investment company makes short-term  
12 non-equity investments of less than 5 years only to the extent necessary to  
13 preserve an existing investment.

14 “(4) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management  
15 of each rural business investment company licensed after the date of enactment of the  
16       **Agriculture Reform, Food, and Jobs** Act of 2012 is sufficiently diversified from  
17 and unaffiliated with the ownership of the rural business investment company so as to  
18 ensure independence and objectivity in the financial management and oversight of the  
19 investments and operations of the rural business investment company.

20 “(j) Financial Institution Investments.—

21 “(1) IN GENERAL.—Except as otherwise provided in this subsection and notwithstanding  
22 any other provision of law, the following banks, associations, and institutions are eligible  
23 both to establish and invest in any rural business investment company or in any entity  
24 established to invest solely in rural business investment companies:

25 “(A) Any bank or savings association the deposits of which are insured under the  
26 Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), including an investment pool  
27 created entirely by such bank or savings association.

28 “(B) Any Farm Credit System institution described in subsection 1.2(a) of the Farm  
29 Credit Act of 1971 (12 U.S.C. 2002(a)).

30 “(2) LIMITATION.—No bank, association, or institution described in paragraph (1) may  
31 make investments described in paragraph (1) that are greater than 5 percent of the capital  
32 and surplus of the bank, association, or institution.

33 “(3) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM  
34 CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section  
35 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 25 percent of the  
36 shares of a rural business investment company, either alone or in conjunction with other  
37 System institutions (or affiliates), the rural business investment company shall not provide  
38 equity investments in, or provide other financial assistance to, entities that are not otherwise  
39 eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et  
40 seq.).

41 “(k) Examinations.—

1           “(1) IN GENERAL.—Each rural business investment company that participates in the  
2 program established under this section shall be subject to examinations made at the  
3 direction of the Secretary in accordance with this subsection.

4           “(2) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this subsection  
5 may be conducted with the assistance of a private sector entity that has the qualifications  
6 and the expertise necessary to conduct such an examination.

7           “(3) COSTS.—

8               “(A) IN GENERAL.—The Secretary may assess the cost of an examination under this  
9 section, including compensation of the examiners, against the rural business  
10 investment company examined.

11               “(B) PAYMENT.—Any rural business investment company against which the  
12 Secretary assesses costs under this subparagraph shall pay the costs.

13           “(4) DEPOSIT OF FUNDS.—Funds collected under this subsection shall—

14               “(A) be deposited in the account that incurred the costs for carrying out this  
15 subsection;

16               “(B) be made available to the Secretary to carry out this subsection, without further  
17 appropriation; and

18               “(C) remain available until expended.

19           “(1) **Reporting Requirements.**—

20               “(1) **RURAL BUSINESS INVESTMENT COMPANIES.**—Each entity that participates in a  
21 program established under this section shall provide to the Secretary such information  
22 as the Secretary may require, including—

23               “(A) information relating to the measurement criteria that the entity proposed  
24 in the program application of the rural business investment company; and

25               “(B) in each case in which the entity under this section makes an investment in,  
26 or a loan or grant to, a business that is not located in a rural area, a report on the  
27 number and percentage of employees of the business who reside in those areas.

28           “(2) **PUBLIC REPORTS.**—

29               “(A) **IN GENERAL.**—The Secretary shall prepare and make available to the  
30 public an annual report on the programs established under this section, including  
31 detailed information on—

32               “(i) the number of rural business investment companies licensed by the  
33 Secretary during the previous fiscal year;

34               “(ii) the aggregate amount of leverage that rural business investment  
35 companies have received from the Federal Government during the previous  
36 fiscal year;

37               “(iii) the aggregate number of each type of leveraged instruments used by  
38 rural business investment companies during the previous fiscal year and how  
39 each number compares to previous fiscal years;

1           “(iv) the number of rural business investment company licenses  
2 surrendered and the number of rural business investment companies placed  
3 in liquidation during the previous fiscal year, identifying the amount of  
4 leverage each rural business investment company has received from the  
5 Federal Government and the type of leverage instruments each rural  
6 business investment company has used;

7           “(v) the amount of losses sustained by the Federal Government as a result  
8 of operations under this section during the previous fiscal year and an  
9 estimate of the total losses that the Federal Government can reasonably  
10 expect to incur as a result of the operations during the current fiscal year;

11           “(vi) actions taken by the Secretary to maximize recoupment of funds of  
12 the Federal Government expended to implement and administer the Rural  
13 Business Investment Program under this section during the previous fiscal  
14 year and to ensure compliance with the requirements of this section  
15 (including regulations);

16           “(vii) the amount of Federal Government leverage that each licensee  
17 received in the previous fiscal year and the types of leverage instruments  
18 each licensee used;

19           “(viii) for each type of financing instrument, the sizes, types of geographic  
20 locations, and other characteristics of the small business investment  
21 companies using the instrument during the previous fiscal year, including the  
22 extent to which the investment companies have used the leverage from each  
23 instrument to make loans or equity investments in rural areas; and

24           “(ix) the actions of the Secretary to carry out this section

25           “(B) PROHIBITION.—In compiling the report required under subparagraph (A),  
26 the Secretary may not—

27           “(i) compile the report in a manner that permits identification of any  
28 particular type of investment by an individual rural business investment  
29 company or small business concern in which a rural business investment  
30 company invests; or

31           “(ii) release any information that is prohibited under section 1905 of title  
32 18, United States Code.

33           “(m) Authorization of Appropriations.—There is authorized to be appropriated to carry out  
34 this section \$25,000,000 for the period of fiscal years 2008 through 2017.”.

35           **“CHAPTER 3—GENERAL RURAL DEVELOPMENT**  
36           **PROVISIONS**

37           **“SEC. 3701. GENERAL PROVISIONS FOR LOANS AND**  
38           **GRANTS.**

39           “(a) Period for Repayment.—Unless otherwise specifically provided for in this subtitle, the

1 period for repayment of a loan under this subtitle shall not exceed 40 years.

2 “(b) Interest Rates.—

3 “(1) IN GENERAL.—Except as otherwise provided in this title, the interest rate on a loan  
4 under this subtitle shall be determined by the Secretary at a rate—

5 “(A) not to exceed a sum obtained by adding—

6 “(i) the current average market yield on outstanding marketable obligations of  
7 the United States with remaining periods to maturity comparable to the average  
8 maturity of the loan; and

9 “(ii) an amount not to exceed 1 percent, as determined by the Secretary; and

10 “(B) adjusted to the nearest  $\frac{1}{8}$  of 1 percent.

11 “(2) WATER AND WASTE FACILITY LOANS AND COMMUNITY FACILITIES LOANS.—

12 “(A) IN GENERAL.—Notwithstanding any provision of State law limiting the rate or  
13 amount of interest that may be charged, taken, received, or reserved, except as  
14 provided in subparagraph (C) and paragraph (5), the interest rate on a loan (other than  
15 a guaranteed loan) to a public body or nonprofit association (including an Indian tribe)  
16 for a water or waste disposal facility or essential community facility shall be  
17 determined by the Secretary at a rate not to exceed—

18 “(i) the current market yield on outstanding municipal obligations with  
19 remaining periods to maturity comparable to the average maturity for the loan,  
20 and adjusted to the nearest  $\frac{1}{8}$  of 1 percent;

21 “(ii) 5 percent per year for a loan that is for the upgrading of a facility or  
22 construction of a new facility as required to meet applicable health or sanitary  
23 standards in—

24 “(I) an area in which the median family income of the persons to be served  
25 by the facility is below the poverty line (as defined in section 673 of the  
26 Community Services Block Grant Act (42 U.S.C. 9902)); and

27 “(II) any areas the Secretary may designate in which a significant  
28 percentage of the persons to be served by the facilities are low income  
29 persons, as determined by the Secretary; and

30 “(iii) 7 percent per year for a loan for a facility that does not qualify for the 5  
31 percent per year interest rate prescribed in clause (ii) but that is located in an area  
32 in a State in which the median household income of the persons to be served by  
33 the facility does not exceed 100 percent of the statewide nonmetropolitan median  
34 household income for the State.

35 “(B) HEALTH CARE AND RELATED FACILITIES.—Notwithstanding subparagraph (A),  
36 the Secretary shall establish a rate for a loan for a health care or related facility that  
37 is—

38 “(i) based solely on the income of the area to be served; and

39 “(ii) otherwise consistent with subparagraph (A).

1 “(C) INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.—

2 “(i) IN GENERAL.—Except as provided in clause (ii) and notwithstanding  
3 subparagraph (A), in the case of a direct loan for a water or waste disposal  
4 facility—

5 “(I) in the case of a loan that would be subject to the 5 percent interest rate  
6 limitation under subparagraph (A), the Secretary shall establish the interest  
7 rate at a rate that is equal to 60 percent of the current market yield for  
8 outstanding municipal obligations with remaining periods to maturity  
9 comparable to the average maturity of the loan, adjusted to the nearest  $\frac{1}{8}$   
10 of 1 percent; and

11 “(II) in the case of a loan that would be subject to the 7 percent limitation  
12 under subparagraph (A), the Secretary shall establish the interest rate at a  
13 rate that is equal to 80 percent of the current market yield for outstanding  
14 municipal obligations with remaining periods to maturity comparable to the  
15 average maturity of the loan, adjusted to the nearest  $\frac{1}{8}$  of 1 percent.

16 “(ii) EXCEPTION.—Clause (i) does not apply to a loan for a specific project that  
17 is the subject of a loan that has been approved, but not closed, as of the date of  
18 enactment of the        **Agriculture Reform, Food, and Jobs** Act of 2012.

19 “(3) INTEREST RATES ON BUSINESS AND OTHER LOANS.—

20 “(A) IN GENERAL.—Except as provided in paragraph (4), the interest rates on loans  
21 under sections 3501(a)(1) (other than guaranteed loans and loans as described in  
22 paragraph (2)(A)) shall be as determined by the Secretary in accordance with  
23 subparagraph (B).

24 “(B) MINIMUM RATE.—The interest rates described in subparagraph (A) shall be not  
25 less than the sum obtained by adding—

26 “(i) such rates as determined by the Secretary of the Treasury taking into  
27 consideration the current average market yield on outstanding marketable  
28 obligations of the United States with remaining periods to maturity comparable to  
29 the average maturities of such loans, adjusted in the judgment of the Secretary of  
30 the Treasury to provide for rates comparable to the rates prevailing in the private  
31 market for similar loans and considering the insurance by the Secretary of the  
32 loans; and

33 “(ii) an additional charge, prescribed by the Secretary, to cover the losses of the  
34 Secretary and cost of administration, which shall be deposited in the Rural  
35 Development Insurance Fund, and further adjusted to the nearest  $\frac{1}{8}$  of 1  
36 percent.

37 “(4) INTEREST RATES ADJUSTMENTS.—

38 “(A) ADJUSTMENTS.—Notwithstanding any other provision of this subsection, in the  
39 case of loans (other than guaranteed loans) made or guaranteed under the authorities of  
40 this title specified in subparagraph (C) for activities that involve the use of prime  
41 farmland, the interest rates shall be the interest rates otherwise applicable under this  
42 section increased by 2 percent per year.

1 “(B) PRIME FARMLAND.—

2 “(i) IN GENERAL.—Wherever practicable, construction by a State, municipality,  
3 or other political subdivision of local government that is supported by loans  
4 described in subparagraph (A) shall be placed on land that is not prime farmland,  
5 in order to preserve the maximum practicable quantity of prime farmlands for  
6 production of food and fiber.

7 “(ii) INCREASED RATE.—In any case in which other options exist for the siting  
8 of construction described in clause (i) and the governmental authority still desires  
9 to carry out the construction on prime farmland, the 2-percent interest rate  
10 increase provided by this paragraph shall apply, but that increased interest rate  
11 shall not apply where such other options do not exist.

12 “(C) APPLICABLE AUTHORITIES.—The authorities referred to in subparagraph (A)  
13 are—

14 “(i) the provisions of section 3502(a) relating to loans for recreational  
15 developments and essential community facilities;

16 “(ii) section 3601(e)(2)(A); and

17 “(iii) section 3601(c).

18 “(c) Payment of Charges.—A borrower of a loan made or guaranteed under this subtitle shall  
19 pay such fees and other charges as the Secretary may require, and prepay to the Secretary such  
20 taxes and insurance as the Secretary may require, on such terms and conditions as the Secretary  
21 may prescribe.

22 “(d) Security.—

23 “(1) IN GENERAL.—The Secretary shall take as security for an obligation entered into in  
24 connection with a loan made under this subtitle such security as the Secretary may require.

25 “(2) LIENS TO UNITED STATES.—An instrument for security under paragraph (1) may  
26 constitute a lien running to the United States notwithstanding the fact that the note for the  
27 security may be held by a lender other than the United States.

28 “(3) MULTIPLE LOANS.—A borrower may use the same collateral to secure 2 or more  
29 loans made or guaranteed under this subtitle, except that the outstanding amount of the  
30 loans may not exceed the total value of the collateral.

31 “(e) Legal Counsel for Small Loans.—In the case of a loan of less than \$500,000 made or  
32 guaranteed under section 3501 that is evidenced by a note or mortgage (as distinguished from a  
33 bond issue), the borrower shall not be required to appoint bond counsel to review the legal  
34 validity of the loan if the Secretary has available legal counsel to perform the review.

35 “SEC. 3702. STRATEGIC ECONOMIC AND COMMUNITY  
36 DEVELOPMENT.

37 “(a) Priority.—In the case of any rural development program authorized by this subtitle, the  
38 Secretary may give priority to applications that are otherwise eligible and support strategic  
39 community and economic development plans on a multijurisdictional basis, as approved by the

1 Secretary.

2 “(b) Evaluation.—In evaluating strategic applications, the Secretary shall give a higher  
3 priority to strategic applications for a plan described in subsection (a) that demonstrate—

4 “(1) the plan was developed through the collaboration of multiple stakeholders in the  
5 service area of the plan, including the participation of combinations of stakeholders such as  
6 State, local, and tribal governments, nonprofit institutions, institutions of higher education,  
7 and private entities;

8 “(2) an understanding of the applicable regional resources that could support the plan,  
9 including natural resources, human resources, infrastructure, and financial resources;

10 “(3) investment from other Federal agencies;

11 “(4) investment from philanthropic organizations; and

12 “(5) clear objectives for the plan and the ability to establish measurable performance  
13 measures and to track progress toward meeting the objectives.

## 14 “SEC. 3703. GUARANTEED RURAL DEVELOPMENT 15 LOANS.

16 “(a) In General.—The Secretary may provide financial assistance to a borrower for a purpose  
17 provided in this subtitle by guaranteeing a loan made by any Federal or State chartered bank,  
18 savings and loan association, cooperative lending agency, or other legally organized lending  
19 agency.

20 “(b) Interest Rate.—The interest rate payable by a borrower on the portion of a guaranteed  
21 loan that is sold by a lender to the secondary market under this subtitle may be lower than the  
22 interest rate charged on the portion retained by the lender.

23 “(c) Maximum Guarantee of 90 Percent.—Except as provided in subsections (d) and (e), a  
24 loan guarantee under this subtitle shall be for not more than 90 percent of the principal and  
25 interest due on the loan.

26 “(d) Refinanced Loans Guaranteed at 95 Percent.—The Secretary shall guarantee 95 percent  
27 of—

28 “(1) in the case of a loan that solely refinances a direct loan made under this subtitle, the  
29 principal and interest due on the loan on the date of the refinancing; or

30 “(2) in the case of a loan that is used for multiple purposes, the portion of the loan that  
31 refinances the principal and interest due on a direct loan made under this subtitle that is  
32 outstanding on the date on which the loan is guaranteed.

33 “(e) Risk of Loss.—

34 “(1) IN GENERAL.—Subject to subsection (b), the Secretary may not make a loan under  
35 section 3501 or 3601 unless the Secretary determines that no other lender is willing to make  
36 the loan and assume 10 percent of the potential loss to be sustained from the loan.

37 “(2) EXCEPTION FOR NONPROFIT GROUPS.—Paragraph (1) shall not apply to a public body  
38 or nonprofit association, including an Indian tribe.

1 **“SEC. 3704. RURAL DEVELOPMENT INSURANCE FUND.**

2 “(a) Definition of Rural Development Loan.—In this section, the term ‘rural development  
3 loan’ means a loan provided for by section 3501 or 3601.

4 “(b) Establishment.—There is established in the Treasury of the United States a fund to be  
5 known as the ‘Rural Development Insurance Fund’ that shall be used by the Secretary to  
6 discharge the obligations of the Secretary under contracts making or guaranteeing rural  
7 development loans.

8 **“SEC. 3705. RURAL ECONOMIC AREA PARTNERSHIP**  
9 **ZONES.**

10 **“(a) In General.—The Secretary may designate additional areas as rural economic area**  
11 **partnership zones to be assisted under this chapter—**

12 **“(1) through an open, competitive process; and**

13 **“(2) with priority given to rural areas—**

14 **“(A) with excessive unemployment or underemployment, a high percentage of**  
15 **low-income residents, or high rates of outmigration, as determined by the**  
16 **Secretary; and**

17 **“(B) that the Secretary determines have a substantial need for assistance.**

18 **“(b) Requirements.—The Secretary shall carry out those rural economic area**  
19 **partnership zones administratively in effect on the date of enactment of the Agriculture**  
20 **Reform, Food, and Jobs Act of 2012 in accordance with the terms and conditions contained**  
21 **in the memoranda of agreement entered into by the Secretary for the rural economic area**  
22 **partnership zones.**

23 **“SEC. 3706. STREAMLINING APPLICATIONS AND**  
24 **IMPROVING ACCESSIBILITY OF RURAL**  
25 **DEVELOPMENT PROGRAMS.**

26 **“The Secretary shall expedite the process of creating user-friendly and accessible**  
27 **application forms and procedures prioritizing programs and applications at the individual**  
28 **level with an emphasis on utilizing current technology including online applications and**  
29 **submission processes.**

30 **“CHAPTER 4—DELTA REGIONAL AUTHORITY**

31 **“SEC. 3801. DEFINITIONS.**

32 **“In this chapter:**

33 **“(1) AUTHORITY.—The term ‘Authority’ means the Delta Regional Authority established**  
34 **by section 3802.**

35 **“(2) FEDERAL GRANT PROGRAM.—The term ‘Federal grant program’ means a Federal**  
36 **grant program to provide assistance in—**

- 1           “(A) acquiring or developing land;  
2           “(B) constructing or equipping a highway, road, bridge, or facility; or  
3           “(C) carrying out other economic development activities.

4           “(3) REGION.—The term ‘region’ means the Lower Mississippi (as defined in section 4 of  
5           the Delta Development Act (42 U.S.C. 3121 note; Public Law 100–460)).

## 6   “SEC. 3802. DELTA REGIONAL AUTHORITY.

7   “(a) Establishment.—

8           “(1) IN GENERAL.—There is established the Delta Regional Authority.

9           “(2) COMPOSITION.—The Authority shall be composed of—

10           “(A) a Federal member, to be appointed by the President, with the advice and  
11           consent of the Senate; and

12           “(B) the Governor (or a designee of the Governor) of each State in the region that  
13           elects to participate in the Authority.

14           “(3) COCHAIRPERSONS.—The Authority shall be headed by—

15           “(A) the Federal member, who shall serve as—

16                   “(i) the Federal cochairperson; and

17                   “(ii) a liaison between the Federal Government and the Authority; and

18           “(B) a State cochairperson, who shall be—

19                   “(i) a Governor of a participating State in the region; and

20                   “(ii) elected by the State members for a term of not less than 1 year.

21           “(4) ALABAMA.—Notwithstanding any other provision of law, the State of Alabama shall  
22           be a full member of the Authority and shall be entitled to all rights and privileges that the  
23           membership affords to all other participating States in the Authority.

24   “(b) Alternate Members.—

25           “(1) STATE ALTERNATES.—The State member of a participating State may have a single  
26           alternate, who shall be—

27                   “(A) a resident of that State; and

28                   “(B) appointed by the Governor of the State.

29           “(2) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate  
30           Federal cochairperson.

31           “(3) QUORUM.—A State alternate shall not be counted toward the establishment of a  
32           quorum of the Authority in any instance in which a quorum of the State members is  
33           required to be present.

34           “(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in  
35           paragraphs (2) and (3) of subsection (c), and no voting right of any Authority member, shall  
36           be delegated to any person—

1           “(A) who is not an Authority member; or

2           “(B) who is not entitled to vote in Authority meetings.

3           “(c) Voting.—

4           “(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the  
5 Authority (not including any member representing a State that is delinquent under  
6 subsection (g)(2)(C)) to be effective.

7           “(2) QUORUM.—A quorum of State members shall be required to be present for the  
8 Authority to make any policy decision, including—

9           “(A) a modification or revision of an Authority policy decision;

10           “(B) approval of a State or regional development plan; and

11           “(C) any allocation of funds among the States.

12           “(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall  
13 be—

14           “(A) a responsibility of the Authority; and

15           “(B) conducted in accordance with section 3809.

16           “(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of  
17 the absence, death, disability, removal, or resignation of the Federal or State representative  
18 for which the alternate member is an alternate.

19           “(d) Duties.—The Authority shall—

20           “(1) develop, on a continuing basis, comprehensive and coordinated plans and programs  
21 to establish priorities and approve grants for the economic development of the region,  
22 giving due consideration to other Federal, State, and local planning and development  
23 activities in the region;

24           “(2) review, and where appropriate amend, priorities in a development plan for the region  
25 (including 5-year regional outcome targets);

26           “(3) assess the needs and assets of the region based on available research,  
27 demonstrations, investigations, assessments, and evaluations of the region prepared by  
28 Federal, State, and local agencies, universities, local development districts, and other  
29 nonprofit groups;

30           “(4) formulate and recommend to the Governors and legislatures of States that participate  
31 in the Authority forms of interstate cooperation;

32           “(5) work with State and local agencies in developing appropriate model legislation;

33           “(6)(A) enhance the capacity of, and provide support for, local development districts in  
34 the region; or

35           “(B) if no local development district exists in an area in a participating State in the  
36 region, foster the creation of a local development district;

37           “(7) encourage private investment in industrial, commercial, and other economic  
38 development projects in the region; and

1 “(8) cooperate with and assist State governments with economic development programs  
2 of participating States.

3 “(e) Administration.—In carrying out subsection (d), the Authority may—

4 “(1) hold such hearings, sit and act at such times and places, take such testimony, receive  
5 such evidence, and print or otherwise reproduce and distribute a description of the  
6 proceedings and reports on actions by the Authority as the Authority considers appropriate;

7 “(2) authorize, through the Federal or State cochairperson or any other member of the  
8 Authority designated by the Authority, the administration of oaths if the Authority  
9 determines that testimony should be taken or evidence received under oath;

10 “(3) request from any Federal, State, or local department or agency such information as  
11 may be available to or procurable by the department or agency that may be of use to the  
12 Authority in carrying out duties of the Authority;

13 “(4) adopt, amend, and repeal bylaws, rules, and regulations governing the conduct of  
14 Authority business and the performance of Authority duties;

15 “(5) request the head of any Federal department or agency to detail to the Authority such  
16 personnel as the Authority requires to carry out duties of the Authority, each such detail to  
17 be without loss of seniority, pay, or other employee status;

18 “(6) request the head of any State department or agency or local government to detail to  
19 the Authority such personnel as the Authority requires to carry out duties of the Authority,  
20 each such detail to be without loss of seniority, pay, or other employee status;

21 “(7) provide for coverage of Authority employees in a suitable retirement and employee  
22 benefit system by—

23 “(A) making arrangements or entering into contracts with any participating State  
24 government; or

25 “(B) otherwise providing retirement and other employee benefit coverage;

26 “(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible,  
27 or intangible property;

28 “(9) enter into and perform such contracts, leases, cooperative agreements, or other  
29 transactions as are necessary to carry out Authority duties, including any contracts, leases,  
30 or cooperative agreements with—

31 “(A) any department, agency, or instrumentality of the United States;

32 “(B) any State (including a political subdivision, agency, or instrumentality of the  
33 State); or

34 “(C) any person, firm, association, or corporation; and

35 “(10) establish and maintain a central office and field offices at such locations as the  
36 Authority may select.

37 “(f) Federal Agency Cooperation.—A Federal agency shall—

38 “(1) cooperate with the Authority; and

1           “(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying  
2           out this chapter, in accordance with applicable Federal laws (including regulations).

3           “(g) Administrative Expenses.—

4           “(1) IN GENERAL.—Administrative expenses of the Authority (except for the expenses of  
5           the Federal cochairperson, including expenses of the alternate and staff of the Federal  
6           cochairperson, which shall be paid solely by the Federal Government) shall be paid—

7                   “(A) by the Federal Government, in an amount equal to 50 percent of the  
8                   administrative expenses; and

9                   “(B) by the States in the region participating in the Authority, in an amount equal to  
10                  50 percent of the administrative expenses.

11          “(2) STATE SHARE.—

12                  “(A) IN GENERAL.—The share of administrative expenses of the Authority to be paid  
13                  by each State shall be determined by the Authority.

14                  “(B) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate  
15                  or vote in any decision under subparagraph (A).

16                  “(C) DELINQUENT STATES.—If a State is delinquent in payment of the State’s share  
17                  of administrative expenses of the Authority under this subsection—

18                          “(i) no assistance under this chapter shall be furnished to the State (including  
19                          assistance to a political subdivision or a resident of the State); and

20                          “(ii) no member of the Authority from the State shall participate or vote in any  
21                          action by the Authority.

22          “(h) Compensation.—

23                  “(1) FEDERAL COCHAIRPERSON.—The Federal cochairperson shall be compensated by the  
24                  Federal Government at level III of the Executive Schedule in subchapter II of chapter 53 of  
25                  title 5, United States Code.

26                  “(2) ALTERNATE FEDERAL COCHAIRPERSON.—The alternate Federal cochairperson—

27                          “(A) shall be compensated by the Federal Government at level V of the Executive  
28                          Schedule described in paragraph (1); and

29                          “(B) when not actively serving as an alternate for the Federal cochairperson, shall  
30                          perform such functions and duties as are delegated by the Federal cochairperson.

31          “(3) STATE MEMBERS AND ALTERNATES.—

32                  “(A) IN GENERAL.—A State shall compensate each member and alternate  
33                  representing the State on the Authority at the rate established by law of the State.

34                  “(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall  
35                  receive any salary, or any contribution to or supplementation of salary from any source  
36                  other than the State for services provided by the member or alternate to the Authority.

37          “(4) DETAILED EMPLOYEES.—

38                  “(A) IN GENERAL.—No person detailed to serve the Authority under subsection

1 (e)(6) shall receive any salary or any contribution to or supplementation of salary for  
2 services provided to the Authority from—

3 “(i) any source other than the State, local, or intergovernmental department or  
4 agency from which the person was detailed; or

5 “(ii) the Authority.

6 “(B) VIOLATION.—Any person that violates this paragraph shall be fined not more  
7 than \$5,000, imprisoned not more than 1 year, or both.

8 “(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal  
9 cochairperson, and any Federal officer or employee detailed to duty on the Authority  
10 under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain  
11 subject to sections 202 through 209 of title 18, United States Code.

12 “(5) ADDITIONAL PERSONNEL.—

13 “(A) COMPENSATION.—

14 “(i) IN GENERAL.—The Authority may appoint and fix the compensation of an  
15 executive director and such other personnel as are necessary to enable the  
16 Authority to carry out the duties of the Authority.

17 “(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the  
18 maximum rate for the Senior Executive Service under section 5382 of title 5,  
19 United States Code, including any applicable locality-based comparability  
20 payment that may be authorized under section 5304(h)(2)(C) of that title.

21 “(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

22 “(i) the carrying out of the administrative duties of the Authority;

23 “(ii) direction of the Authority staff; and

24 “(iii) such other duties as the Authority may assign.

25 “(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee  
26 of the Authority (except the Federal cochairperson of the Authority, the alternate and  
27 staff for the Federal cochairperson, and any Federal employee detailed to the Authority  
28 under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

29 “(i) Conflicts of Interest.—

30 “(1) IN GENERAL.—Except as provided under paragraph (2), no State member, alternate,  
31 officer, or employee of the Authority shall participate personally and substantially as a  
32 member, alternate, officer, or employee of the Authority, through decision, approval,  
33 disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any  
34 proceeding, application, request for a ruling or other determination, contract, claim,  
35 controversy, or other matter in which, to knowledge of the member, alternate, officer, or  
36 employee, there is a financial interest of—

37 “(A) the member, alternate, officer, or employee;

38 “(B) the spouse, minor child, partner, or organization (other than a State or political  
39 subdivision of the State) of the member, alternate, officer, or employee, in which the

1 member, alternate, officer, or employee is serving as officer, director, trustee, partner,  
2 or employee; or

3 “(C) any person or organization with whom the member, alternate, officer, or  
4 employee is negotiating or has any arrangement concerning prospective employment.

5 “(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, alternate, officer,  
6 or employee—

7 “(A) immediately advises the Authority of the nature and circumstances of the  
8 proceeding, application, request for a ruling or other determination, contract, claim,  
9 controversy, or other particular matter presenting a potential conflict of interest;

10 “(B) makes full disclosure of the financial interest; and

11 “(C) before the proceeding concerning the matter presenting the conflict of interest,  
12 receives a written determination by the Authority that the interest is not so substantial  
13 as to be likely to affect the integrity of the services that the Authority may expect from  
14 the State member, alternate, officer, or employee.

15 “(3) VIOLATION.—Any person that violates this subsection shall be fined not more than  
16 \$10,000, imprisoned not more than 2 years, or both.

17 “(j) Validity of Contracts, Loans, and Grants.—The Authority may declare void any contract,  
18 loan, or grant of or by the Authority in relation to which the Authority determines that there has  
19 been a violation of any provision under subsection (h)(4), subsection (i), or sections 202 through  
20 209 of title 18, United States Code.

## 21 “SEC. 3803. ECONOMIC AND COMMUNITY 22 DEVELOPMENT GRANTS.

23 “(a) In General.—The Authority may approve grants to States and public and nonprofit  
24 entities for projects, approved in accordance with section 3809—

25 “(1) to develop the transportation infrastructure of the region for the purpose of  
26 facilitating economic development in the region (except that grants for this purpose may  
27 only be made to a State or local government);

28 “(2) to assist the region in obtaining the job training, employment-related education, and  
29 business development (with an emphasis on entrepreneurship) that are needed to build and  
30 maintain strong local economies;

31 “(3) to provide assistance to severely distressed and underdeveloped areas that lack  
32 financial resources for improving basic public services;

33 “(4) to provide assistance to severely distressed and underdeveloped areas that lack  
34 financial resources for equipping industrial parks and related facilities; and

35 “(5) to otherwise achieve the purposes of this chapter.

36 “(b) Funding.—

37 “(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

38 “(A) entirely from appropriations to carry out this section;

1           “(B) in combination with funds available under another Federal or Federal grant  
2           program; or

3           “(C) from any other source.

4           “(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic  
5           development and to complement other Federal and State resources in the region, Federal  
6           funds available under this chapter shall be focused on the activities in the following order or  
7           priority:

8           “(A) Basic public infrastructure in distressed counties and isolated areas of distress.

9           “(B) Transportation infrastructure for the purpose of facilitating economic  
10          development in the region.

11          “(C) Business development, with emphasis on entrepreneurship.

12          “(D) Job training or employment-related education, with emphasis on use of existing  
13          public educational institutions located in the region.

## 14   “SEC. 3804. SUPPLEMENTS TO FEDERAL GRANT 15   PROGRAMS.

16          “(a) Finding.—Congress finds that certain States and local communities of the region,  
17          including local development districts, may be unable to take maximum advantage of Federal  
18          grant programs for which the States and communities are eligible because—

19               “(1) the States or communities lack the economic resources to provide the required  
20               matching share; or

21               “(2) there are insufficient funds available under the applicable Federal law authorizing  
22               the Federal grant program to meet pressing needs of the region.

23          “(b) Federal Grant Program Funding.—Notwithstanding any provision of law limiting the  
24          Federal share, the areas eligible for assistance, or the authorizations of appropriations of any  
25          Federal grant program, and in accordance with subsection (c), the Authority, with the approval of  
26          the Federal cochairperson and with respect to a project to be carried out in the region—

27               “(1) may increase the Federal share of the costs of a project under the Federal grant  
28               program to not more than 90 percent (except as provided in section 3806(b)); and

29               “(2) shall use amounts made available to carry out this chapter to pay the increased  
30               Federal share.

31          “(c) Certifications.—

32               “(1) IN GENERAL.—In the case of any project for which all or any portion of the basic  
33               Federal share of the costs of the project is proposed to be paid under this section, no Federal  
34               contribution shall be made until the Federal official administering the Federal law that  
35               authorizes the Federal grant program certifies that the project—

36                       “(A) meets (except as provided in subsection (b)) the applicable requirements of the  
37                       applicable Federal grant program; and

38                       “(B) could be approved for Federal contribution under the Federal grant program if

1 funds were available under the law for the project.

2 “(2) CERTIFICATION BY AUTHORITY.—

3 “(A) IN GENERAL.—The certifications and determinations required to be made by the  
4 Authority for approval of projects under this Act in accordance with section 3809 shall  
5 be—

6 “(i) controlling; and

7 “(ii) accepted by the Federal agencies.

8 “(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project  
9 described in paragraph (1), any finding, report, certification, or documentation required  
10 to be submitted with respect to the project to the head of the department, agency, or  
11 instrumentality of the Federal Government responsible for the administration of the  
12 Federal grant program under which the project is carried out shall be accepted by the  
13 Federal cochairperson.

14 “SEC. 3805. LOCAL DEVELOPMENT DISTRICTS;  
15 CERTIFICATION AND ADMINISTRATIVE EXPENSES.

16 “(a) Definition of Local Development District.—In this section, the term ‘local development  
17 district’ means an entity that—

18 “(1) is—

19 “(A) a planning district in existence on the date of enactment of the  
20       **Agriculture Reform, Food, and Jobs** Act of 2012 that is recognized by the  
21 Secretary; or

22 “(B) if an entity described in subparagraph (A) does not exist—

23 “(i) organized and operated in a manner that ensures broad-based community  
24 participation and an effective opportunity for other nonprofit groups to contribute  
25 to the development and implementation of programs in the region;

26 “(ii) governed by a policy board with at least a simple majority of members  
27 consisting of elected officials or employees of a general purpose unit of local  
28 government who have been appointed to represent the government;

29 “(iii) certified to the Authority as having a charter or authority that includes the  
30 economic development of counties or parts of counties or other political  
31 subdivisions within the region—

32 “(I) by the Governor of each State in which the entity is located; or

33 “(II) by the State officer designated by the appropriate State law to make  
34 the certification; and

35 “(iv)(I) a nonprofit incorporated body organized or chartered under the law of  
36 the State in which the entity is located;

37 “(II) a nonprofit agency or instrumentality of a State or local government;

38 “(III) a public organization established before December 21, 2000, under State

1 law for creation of multi-jurisdictional, area-wide planning organizations; or

2 “(IV) a nonprofit association or combination of bodies, agencies, and  
3 instrumentalities described in subclauses (I) through (III); and

4 “(2) has not, as certified by the Federal cochairperson—

5 “(A) inappropriately used Federal grant funds from any Federal source; or

6 “(B) appointed an officer who, during the period in which another entity  
7 inappropriately used Federal grant funds from any Federal source, was an officer of the  
8 other entity.

9 “(b) Grants to Local Development Districts.—

10 “(1) IN GENERAL.—The Authority shall make grants for administrative expenses under  
11 this section.

12 “(2) CONDITIONS FOR GRANTS.—

13 “(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1)  
14 shall not exceed 80 percent of the administrative expenses of the local development  
15 district receiving the grant.

16 “(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a  
17 State agency certified as a local development district for a period greater than 3 years.

18 “(C) LOCAL SHARE.—The contributions of a local development district for  
19 administrative expenses may be in cash or in kind, fairly evaluated, including space,  
20 equipment, and services.

21 “(c) Duties of Local Development Districts.—A local development district shall—

22 “(1) operate as a lead organization serving multicounty areas in the region at the local  
23 level; and

24 “(2) serve as a liaison between State and local governments, nonprofit organizations  
25 (including community-based groups and educational institutions), the business community,  
26 and citizens that—

27 “(A) are involved in multijurisdictional planning;

28 “(B) provide technical assistance to local jurisdictions and potential grantees; and

29 “(C) provide leadership and civic development assistance.

30 **“SEC. 3806. DISTRESSED COUNTIES AND AREAS AND**  
31 **NONDISTRESSED COUNTIES.**

32 “(a) Designations.—Each year, the Authority, in accordance with such criteria as the  
33 Authority may establish, shall designate—

34 “(1) as distressed counties, counties in the region that are the most severely and  
35 persistently distressed and underdeveloped and have high rates of poverty or  
36 unemployment;

37 “(2) as nondistressed counties, counties in the region that are not designated as distressed

1 counties under paragraph (1); and

2 “(3) as isolated areas of distress, areas located in nondistressed counties (as designated  
3 under paragraph (2)) that have high rates of poverty or unemployment.

4 “(b) Distressed Counties.—

5 “(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations  
6 made available under section 3813 for programs and projects designed to serve the needs of  
7 distressed counties and isolated areas of distress in the region.

8 “(2) FUNDING LIMITATIONS.—The funding limitations under section 3804(b) shall not  
9 apply to a project providing transportation or basic public services to residents of 1 or more  
10 distressed counties or isolated areas of distress in the region.

11 “(c) Nondistressed Counties.—

12 “(1) IN GENERAL.—Except as provided in this subsection, no funds shall be provided  
13 under this chapter for a project located in a county designated as a nondistressed county  
14 under subsection (a)(2).

15 “(2) EXCEPTIONS.—

16 “(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to  
17 grants to fund the administrative expenses of local development districts under section  
18 3805(b).

19 “(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the  
20 funding prohibition under paragraph (1) to a multicounty project that includes  
21 participation by a nondistressed county; or any other type of project if the Authority  
22 determines that the project could bring significant benefits to areas of the region  
23 outside a nondistressed county.

24 “(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress  
25 for assistance to be effective, the designation shall be supported—

26 “(i) by the most recent Federal data available; or

27 “(ii) if no recent Federal data are available, by the most recent data available  
28 through the government of the State in which the isolated area of distress is  
29 located.

30 “(d) Transportation and Basic Public Infrastructure.—The Authority shall allocate at least 50  
31 percent of any funds made available under section 3813 for transportation and basic public  
32 infrastructure projects authorized under paragraphs (1) and (3) of section 3803(a).

### 33 “SEC. 3807. DEVELOPMENT PLANNING PROCESS.

34 “(a) State Development Plan.—In accordance with policies established by the Authority, each  
35 State member shall submit a development plan for the area of the region represented by the State  
36 member.

37 “(b) Content of Plan.—A State development plan submitted under subsection (a) shall reflect  
38 the goals, objectives, and priorities identified in the regional development plan developed under  
39 section 3802(d)(2).

1 “(c) Consultation With Interested Local Parties.—In carrying out the development planning  
2 process (including the selection of programs and projects for assistance), a State may—

3 “(1) consult with—

4 “(A) local development districts; and

5 “(B) local units of government; and

6 “(2) take into consideration the goals, objectives, priorities, and recommendations of the  
7 entities described in paragraph (1).

8 “(d) Public Participation.—

9 “(1) IN GENERAL.—The Authority and applicable State and local development districts  
10 shall encourage and assist, to the maximum extent practicable, public participation in the  
11 development, revision, and implementation of all plans and programs under this chapter.

12 “(2) REGULATIONS.—The Authority shall develop guidelines for providing public  
13 participation described in paragraph (1), including public hearings.

## 14 “SEC. 3808. PROGRAM DEVELOPMENT CRITERIA.

15 “(a) In General.—In considering programs and projects to be provided assistance under this  
16 chapter and in establishing a priority ranking of the requests for assistance provided by the  
17 Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable,  
18 consideration of—

19 “(1) the relationship of the project or class of projects to overall regional development;

20 “(2) the per capita income and poverty and unemployment rates in an area;

21 “(3) the financial resources available to the applicants for assistance seeking to carry out  
22 the project, with emphasis on ensuring that projects are adequately financed to maximize  
23 the probability of successful economic development;

24 “(4) the importance of the project or class of projects in relation to other projects or  
25 classes of projects that may be in competition for the same funds;

26 “(5) the prospects that the project for which assistance is sought will improve, on a  
27 continuing rather than a temporary basis, the opportunities for employment, the average  
28 level of income, or the economic development of the area served by the project; and

29 “(6) the extent to which the project design provides for detailed outcome measurements  
30 by which grant expenditures and the results of the expenditures may be evaluated.

31 “(b) No Relocation Assistance.—

32 “(1) IN GENERAL.—Except as provided in paragraph (2), no financial assistance  
33 authorized by this chapter shall be used to assist a person or entity in relocating from 1 area  
34 to another.

35 “(2) OUTSIDE BUSINESSES.—Financial assistance under this chapter may be used as  
36 otherwise authorized by this title to attract businesses from outside the region to the region.

37 “(c) Reduction of Funds.—Funds may be provided for a program or project in a State under  
38 this chapter only if the Authority determines that the level of Federal or State financial assistance

1 provided under a law other than this chapter, for the same type of program or project in the same  
2 area of the State within the region, will not be reduced as a result of funds made available by this  
3 chapter.

#### 4 “SEC. 3809. APPROVAL OF DEVELOPMENT PLANS AND 5 PROJECTS.

6 “(a) In General.—A State or regional development plan or any multistate subregional plan that  
7 is proposed for development under this chapter shall be reviewed and approved by the Authority.

8 “(b) Evaluation by State Member.—An application for a grant or any other assistance for a  
9 project under this chapter shall be made through and evaluated for approval by the State member  
10 of the Authority representing the applicant.

11 “(c) Certification.—An application for a grant or other assistance for a project shall be  
12 approved only on certification by the State member that the application for the project—

13 “(1) describes ways in which the project complies with any applicable State development  
14 plan;

15 “(2) meets applicable criteria under section 3808;

16 “(3) provides adequate assurance that the proposed project will be properly administered,  
17 operated, and maintained; and

18 “(4) otherwise meets the requirements of this chapter.

19 “(d) Approval of Grant Applications.—On certification by a State member of the Authority of  
20 an application for a grant or other assistance for a specific project under this section, an  
21 affirmative vote of the Authority under section 3802(c) shall be required for approval of the  
22 application.

#### 23 “SEC. 3810. CONSENT OF STATES.

24 “Nothing in this chapter requires any State to engage in or accept any program under this  
25 chapter without the consent of the State.

#### 26 “SEC. 3811. RECORDS.

27 “(a) Records of the Authority.—

28 “(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all  
29 transactions and activities of the Authority.

30 “(2) AVAILABILITY.—All records of the Authority shall be available for audit and  
31 examination by the Comptroller General of the United States and the Inspector General of  
32 the Department of Agriculture (including authorized representatives of the Comptroller  
33 General and the Inspector General of the Department of Agriculture).

34 “(b) Records of Recipients of Federal Assistance.—

35 “(1) IN GENERAL.—A recipient of Federal funds under this chapter shall, as required by  
36 the Authority, maintain accurate and complete records of transactions and activities  
37 financed with Federal funds and report on the transactions and activities to the Authority.

1           “(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit  
2           by the Comptroller General of the United States, the Inspector General of the Department of  
3           Agriculture, and the Authority (including authorized representatives of the Comptroller  
4           General, the Inspector General of the Department of Agriculture, and the Authority).

5           **“SEC. 3812. ANNUAL REPORT.**

6           “Not later than 180 days after the end of each fiscal year, the Authority shall submit to the  
7           President and to Congress a report describing the activities carried out under this chapter.

8           **“SEC. 3813. AUTHORIZATION OF APPROPRIATIONS.**

9           “(a) In General.—There is authorized to be appropriated to the Authority to carry out this  
10          chapter \$30,000,000 for each of fiscal years 2012 through 2017, to remain available until  
11          expended.

12          “(b) Administrative Expenses.—Not more than ~~40~~ 5 percent of the amount appropriated under  
13          subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

14          **“SEC. 3814. TERMINATION OF AUTHORITY.**

15          “This chapter and the authority provided under this chapter expire on October 1, 2017.

16          **“CHAPTER 5—NORTHERN GREAT PLAINS REGIONAL**  
17          **AUTHORITY**

18          **“SEC. 3821. DEFINITIONS.**

19          “In this chapter:

20                  “(1) AUTHORITY.—The term ‘Authority’ means the Northern Great Plains Regional  
21                  Authority established by section 3822.

22                  “(2) FEDERAL GRANT PROGRAM.—The term ‘Federal grant program’ means a Federal  
23                  grant program to provide assistance in—

24                          “(A) implementing the recommendations of the Northern Great Plains Rural  
25                          Development Commission established by the Northern Great Plains Rural  
26                          Development Act (7 U.S.C. 2661 note; Public Law 103–318);

27                          “(B) acquiring or developing land;

28                          “(C) constructing or equipping a highway, road, bridge, or facility;

29                          “(D) carrying out other economic development activities; or

30                          “(E) conducting research activities related to the activities described in  
31                          subparagraphs (A) through (D).

32                  “(3) REGION.—The term ‘region’ means the States of Iowa, Minnesota, Missouri (other  
33                  than counties included in the Delta Regional Authority), Nebraska, North Dakota, and  
34                  South Dakota.

35          **“SEC. 3822. NORTHERN GREAT PLAINS REGIONAL**

## 1 AUTHORITY.

2 “(a) Establishment.—

3 “(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

4 “(2) COMPOSITION.—The Authority shall be composed of—

5 “(A) a Federal member, to be appointed by the President, by and with the advice and  
6 consent of the Senate;

7 “(B) the Governor (or a designee of the Governor) of each State in the region that  
8 elects to participate in the Authority; and

9 “(C) a member of an Indian tribe, who shall be a chairperson of an Indian tribe in the  
10 region or a designee of such a chairperson, to be appointed by the President, by and  
11 with the advice and consent of the Senate.

12 “(3) COCHAIRPERSONS.—The Authority shall be headed by—

13 “(A) the Federal member, who shall serve as—

14 “(i) the Federal cochairperson; and

15 “(ii) a liaison between the Federal Government and the Authority;

16 “(B) a State cochairperson, who shall be—

17 “(i) a Governor of a participating State in the region; and

18 “(ii) elected by the State members for a term of not less than 1 year; and

19 “(C) the member of an Indian tribe, who shall serve as—

20 “(i) the tribal cochairperson; and

21 “(ii) a liaison between the governments of Indian tribes in the region and the  
22 Authority.

23 “(4) FAILURE TO CONFIRM.—

24 “(A) FEDERAL MEMBER.—Notwithstanding any other provision of this section, if a  
25 Federal member described in paragraph (2)(A) has not been confirmed by the Senate  
26 by not later than 180 days after the date of enactment of the ~~\_\_\_\_\_~~**Agriculture**  
27 **Reform, Food, and Jobs** Act of 2012, the Authority may organize and operate without  
28 the Federal member.

29 “(B) TRIBAL COCHAIRPERSON.—In the case of the tribal cochairperson, if no tribal  
30 cochairperson is confirmed by the Senate, the regional authority shall consult and  
31 coordinate with the leaders of Indian tribes in the region concerning the activities of  
32 the Authority, as appropriate.

33 “(b) Alternate Members.—

34 “(1) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate  
35 Federal cochairperson.

36 “(2) STATE ALTERNATES.—

1           “(A) IN GENERAL.—The State member of a participating State may have a single  
2           alternate, who shall be—

3                   “(i) a resident of that State; and

4                   “(ii) appointed by the Governor of the State.

5           “(B) QUORUM.—A State alternate member shall not be counted toward the  
6           establishment of a quorum of the members of the Authority in any case in which a  
7           quorum of the State members is required to be present.

8           “(3) ALTERNATE TRIBAL COCHAIRPERSON.—The President shall appoint an alternate tribal  
9           cochairperson, by and with the advice and consent of the Senate.

10          “(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in  
11          paragraphs (2) and (3) of subsection (c), and no voting right of any member of the  
12          Authority, shall be delegated to any person who is not—

13                   “(A) a member of the Authority; or

14                   “(B) entitled to vote in Authority meetings.

15          “(c) Voting.—

16           “(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the  
17           Authority (not including any member representing a State that is delinquent under  
18           subsection (g)(2)(D)) to be effective.

19           “(2) QUORUM.—A quorum of State members shall be required to be present for the  
20           Authority to make any policy decision, including—

21                   “(A) a modification or revision of an Authority policy decision;

22                   “(B) approval of a State or regional development plan; and

23                   “(C) any allocation of funds among the States.

24           “(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall  
25           be—

26                   “(A) a responsibility of the Authority; and

27                   “(B) conducted in accordance with section 3830.

28           “(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of  
29           the absence, death, disability, removal, or resignation of the Federal, State, or Indian tribe  
30           member for whom the alternate member is an alternate.

31          “(d) Duties.—The Authority shall—

32           “(1) develop, on a continuing basis, comprehensive and coordinated plans and programs  
33           for multistate cooperation to advance the economic and social well-being of the region and  
34           to approve grants for the economic development of the region, giving due consideration to  
35           other Federal, State, tribal, and local planning and development activities in the region;

36           “(2) review, and when appropriate amend, priorities in a development plan for the region  
37           (including 5-year regional outcome targets);

1 “(3) assess the needs and assets of the region based on available research,  
2 demonstrations, investigations, assessments, and evaluations of the region prepared by  
3 Federal, State, tribal, and local agencies, universities, regional and local development  
4 districts or organizations, and other nonprofit groups;

5 “(4) formulate and recommend to the Governors and legislatures of States that participate  
6 in the Authority forms of interstate cooperation for—

7 “(A) renewable energy development and transmission;

8 “(B) transportation planning and economic development;

9 “(C) information technology;

10 “(D) movement of freight and individuals within the region;

11 “(E) federally-funded research at institutions of higher education; and

12 “(F) conservation land management;

13 “(5) work with State, tribal, and local agencies in developing appropriate model  
14 legislation;

15 “(6) enhance the capacity of, and provide support for, multistate development and  
16 research organizations, local development organizations and districts, and resource  
17 conservation districts in the region;

18 “(7) encourage private investment in industrial, commercial, renewable energy, and other  
19 economic development projects in the region; and

20 “(8) cooperate with and assist State governments with economic development programs  
21 of participating States.

22 “(e) Administration.—In carrying out subsection (d), the Authority may—

23 “(1) hold such hearings, sit and act at such times and places, take such testimony, receive  
24 such evidence, and print or otherwise reproduce and distribute a description of the  
25 proceedings and reports on actions by the Authority as the Authority considers appropriate;

26 “(2) authorize, through the Federal, State, or tribal cochairperson or any other member of  
27 the Authority designated by the Authority, the administration of oaths if the Authority  
28 determines that testimony should be taken or evidence received under oath;

29 “(3) request from any Federal, State, tribal, or local agency such information as may be  
30 available to or procurable by the agency that may be of use to the Authority in carrying out  
31 the duties of the Authority;

32 “(4) adopt, amend, and repeal bylaws and rules governing the conduct of business and the  
33 performance of duties of the Authority;

34 “(5) request the head of any Federal agency to detail to the Authority such personnel as  
35 the Authority requires to carry out duties of the Authority, each such detail to be without  
36 loss of seniority, pay, or other employee status;

37 “(6) request the head of any State agency, tribal government, or local government to  
38 detail to the Authority such personnel as the Authority requires to carry out duties of the  
39 Authority, each such detail to be without loss of seniority, pay, or other employee status;

1 “(7) provide for coverage of Authority employees in a suitable retirement and employee  
2 benefit system by—

3 “(A) making arrangements or entering into contracts with any participating State  
4 government or tribal government; or

5 “(B) otherwise providing retirement and other employee benefit coverage;

6 “(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible,  
7 or intangible property;

8 “(9) enter into and perform such contracts, leases, cooperative agreements, or other  
9 transactions as are necessary to carry out Authority duties, including any contracts, leases,  
10 or cooperative agreements with—

11 “(A) any department, agency, or instrumentality of the United States;

12 “(B) any State (including a political subdivision, agency, or instrumentality of the  
13 State);

14 “(C) any Indian tribe in the region; or

15 “(D) any person, firm, association, or corporation; and

16 “(10) establish and maintain a central office and field offices at such locations as the  
17 Authority may select.

18 “(f) Federal Agency Cooperation.—A Federal agency shall—

19 “(1) cooperate with the Authority; and

20 “(2) provide, on request of a cochairperson, appropriate assistance in carrying out this  
21 chapter, in accordance with applicable Federal laws (including regulations).

22 “(g) Administrative Expenses.—

23 “(1) FEDERAL SHARE.—The Federal share of the administrative expenses of the Authority  
24 shall be—

25 “(A) for each of fiscal years 2012 and 2013, 100 percent;

26 “(B) for fiscal year 2014, 75 percent; and

27 “(C) for fiscal year 2015 and each fiscal year thereafter, 50 percent.

28 “(2) NON-FEDERAL SHARE.—

29 “(A) IN GENERAL.—The non-Federal share of the administrative expenses of the  
30 Authority shall be paid by non-Federal sources in the States that participate in the  
31 Authority.

32 “(B) SHARE PAID BY EACH STATE.—The share of administrative expenses of the  
33 Authority to be paid by non-Federal sources in each State shall be determined by the  
34 Authority.

35 “(C) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate  
36 or vote in any decision under subparagraph (B).

37 “(D) DELINQUENT STATES.—If a State is delinquent in payment of the State’s share

1 of administrative expenses of the Authority under this subsection—

2 “(i) no assistance under this chapter shall be provided to the State (including  
3 assistance to a political subdivision or a resident of the State); and

4 “(ii) no member of the Authority from the State shall participate or vote in any  
5 action by the Authority.

6 “(h) Compensation.—

7 “(1) FEDERAL AND TRIBAL COCHAIRPERSONS.—The Federal cochairperson and the tribal  
8 cochairperson shall be compensated by the Federal Government at the annual rate of basic  
9 pay prescribed for level III of the Executive Schedule in subchapter II of chapter 53 of title  
10 5, United States Code.

11 “(2) ALTERNATE FEDERAL AND TRIBAL COCHAIRPERSONS.—The alternate Federal  
12 cochairperson and the alternate tribal cochairperson—

13 “(A) shall be compensated by the Federal Government at the annual rate of basic  
14 pay prescribed for level V of the Executive Schedule described in paragraph (1); and

15 “(B) when not actively serving as an alternate, shall perform such functions and  
16 duties as are delegated by the Federal cochairperson or the tribal cochairperson,  
17 respectively.

18 “(3) STATE MEMBERS AND ALTERNATES.—

19 “(A) IN GENERAL.—A State shall compensate each member and alternate  
20 representing the State on the Authority at the rate established by State law.

21 “(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall  
22 receive any salary, or any contribution to or supplementation of salary from any source  
23 other than the State for services provided by the member or alternate member to the  
24 Authority.

25 “(4) DETAILED EMPLOYEES.—

26 “(A) IN GENERAL.—No person detailed to serve the Authority under subsection  
27 (e)(6) shall receive any salary or any contribution to or supplementation of salary for  
28 services provided to the Authority from—

29 “(i) any source other than the State, tribal, local, or intergovernmental agency  
30 from which the person was detailed; or

31 “(ii) the Authority.

32 “(B) VIOLATION.—Any person that violates this paragraph shall be fined not more  
33 than \$5,000, imprisoned not more than 1 year, or both.

34 “(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal  
35 cochairperson, and any Federal officer or employee detailed to duty on the Authority  
36 under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain  
37 subject to sections 202 through 209 of title 18, United States Code.

38 “(5) ADDITIONAL PERSONNEL.—

39 “(A) COMPENSATION.—

1           “(i) IN GENERAL.—The Authority may appoint and fix the compensation of an  
2 executive director and such other personnel as are necessary to enable the  
3 Authority to carry out the duties of the Authority.

4           “(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the  
5 maximum rate for the Senior Executive Service under section 5382 of title 5,  
6 United States Code, including any applicable locality-based comparability  
7 payment that may be authorized under section 5304(h)(2)(C) of that title.

8           “(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

9           “(i) the carrying out of the administrative duties of the Authority;

10           “(ii) direction of the Authority staff; and

11           “(iii) such other duties as the Authority may assign.

12           “(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee  
13 of the Authority (except the Federal cochairperson of the Authority, the alternate and  
14 staff for the Federal cochairperson, and any Federal employee detailed to the Authority  
15 under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

16           “(i) Conflicts of Interest.—

17           “(1) IN GENERAL.—Except as provided under paragraph (2), no State member, Indian  
18 tribe member, State alternate, officer, or employee of the Authority shall participate  
19 personally and substantially as a member, alternate, officer, or employee of the Authority,  
20 through decision, approval, disapproval, recommendation, the rendering of advice,  
21 investigation, or otherwise, in any proceeding, application, request for a ruling or other  
22 determination, contract, claim, controversy, or other matter in which, to knowledge of the  
23 member, alternate, officer, or employee, there is a financial interest of—

24           “(A) the member, alternate, officer, or employee;

25           “(B) the spouse, minor child, partner, or organization (other than a State or political  
26 subdivision of the State or the Indian tribe) of the member, alternate, officer, or  
27 employee, in which the member, alternate, officer, or employee is serving as officer,  
28 director, trustee, partner, or employee; or

29           “(C) any person or organization with whom the member, alternate, officer, or  
30 employee is negotiating or has any arrangement concerning prospective employment.

31           “(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, Indian tribe  
32 member, alternate, officer, or employee—

33           “(A) immediately advises the Authority of the nature and circumstances of the  
34 proceeding, application, request for a ruling or other determination, contract, claim,  
35 controversy, or other particular matter presenting a potential conflict of interest;

36           “(B) makes full disclosure of the financial interest; and

37           “(C) before the proceeding concerning the matter presenting the conflict of interest,  
38 receives a written determination by the Authority that the interest is not so substantial  
39 as to be likely to affect the integrity of the services that the Authority may expect from  
40 the State member, Indian tribe member, alternate, officer, or employee.

1           “(3) VIOLATION.—Any person that violates this subsection shall be fined not more than  
2           \$10,000, imprisoned not more than 2 years, or both.

3           “(j) Validity of Contracts, Loans, and Grants.—The Authority may declare void any contract,  
4 loan, or grant of or by the Authority in relation to which the Authority determines that there has  
5 been a violation of any provision under subsection (h)(4) or subsection (i) of this chapter, or  
6 sections 202 through 209 of title 18, United States Code.

## 7           **“SEC. 3823. INTERSTATE COOPERATION FOR** 8           **ECONOMIC OPPORTUNITY AND EFFICIENCY.**

9           “(a) In General.—The Authority shall provide assistance to States in developing regional plans  
10 to address multistate economic issues, including plans—

11           “(1) to develop a regional transmission system for movement of renewable energy to  
12 markets outside the region;

13           “(2) to address regional transportation concerns, including the establishment of a  
14 Northern Great Plains Regional Transportation Working Group;

15           “(3) to encourage and support interstate collaboration on federally-funded research that is  
16 in the national interest; and

17           “(4) to establish a Regional Working Group on Agriculture Development and  
18 Transportation.

19           “(b) Economic Issues.—The multistate economic issues referred to in subsection (a) shall  
20 include—

21           “(1) renewable energy development and transmission;

22           “(2) transportation planning and economic development;

23           “(3) information technology;

24           “(4) movement of freight and individuals within the region;

25           “(5) federally-funded research at institutions of higher education; and

26           “(6) conservation land management.

## 27           **“SEC. 3824. ECONOMIC AND COMMUNITY** 28           **DEVELOPMENT GRANTS.**

29           “(a) In General.—The Authority may approve grants to States, Indian tribes, local  
30 governments, and public and nonprofit organizations for projects, approved in accordance with  
31 section 3830—

32           “(1) to assist the region in obtaining the job training, employment-related education, and  
33 business development (with an emphasis on entrepreneurship) that are needed to build and  
34 maintain strong local economies;

35           “(2) to develop the transportation, renewable energy transmission, and  
36 telecommunication infrastructure of the region for the purpose of facilitating economic  
37 development in the region (except that grants for this purpose may be made only to States,

1 Indian tribes, local governments, and nonprofit organizations);

2 “(3) to provide assistance to severely distressed and underdeveloped areas that lack  
3 financial resources for improving basic public services;

4 “(4) to provide assistance to severely distressed and underdeveloped areas that lack  
5 financial resources for equipping industrial parks and related facilities; and

6 “(5) to otherwise achieve the purposes of this chapter.

7 “(b) Funding.—

8 “(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

9 “(A) entirely from appropriations to carry out this section;

10 “(B) in combination with funds available under another Federal grant program; or

11 “(C) from any other source.

12 “(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic  
13 development and to complement other Federal, State, and tribal resources in the region,  
14 Federal funds available under this chapter shall be focused on the following activities:

15 “(A) Basic public infrastructure in distressed counties and isolated areas of distress.

16 “(B) Transportation and telecommunication infrastructure for the purpose of  
17 facilitating economic development in the region.

18 “(C) Business development, with emphasis on entrepreneurship.

19 “(D) Job training or employment-related education, with emphasis on use of existing  
20 public educational institutions located in the region.

## 21 “SEC. 3825. SUPPLEMENTS TO FEDERAL GRANT 22 PROGRAMS.

23 “(a) Finding.—Congress finds that certain States and local communities of the region may be  
24 unable to take maximum advantage of Federal grant programs for which the States and  
25 communities are eligible because—

26 “(1) the States and communities lack the economic resources to provide the required  
27 matching share; or

28 “(2) there are insufficient funds available under the applicable Federal law authorizing  
29 the Federal grant program to meet pressing needs of the region.

30 “(b) Federal Grant Program Funding.—Notwithstanding any provision of law limiting the  
31 Federal share, the areas eligible for assistance, or the authorizations of appropriations, under any  
32 Federal grant program, and in accordance with subsection (c), the Authority, with the approval of  
33 the Federal cochairperson and with respect to a project to be carried out in the region—

34 “(1) may increase the Federal share of the costs of a project under any Federal grant  
35 program to not more than 90 percent (except as provided in section 3827(b)); and

36 “(2) shall use amounts made available to carry out this chapter to pay the increased  
37 Federal share.

1 “(c) Certifications.—

2 “(1) IN GENERAL.—In the case of any project for which all or any portion of the basic  
3 Federal share of the costs of the project is proposed to be paid under this section, no Federal  
4 contribution shall be made until the Federal official administering the Federal law that  
5 authorizes the Federal grant program certifies that the project—

6 “(A) meets (except as provided in subsection (b)) the applicable requirements of the  
7 applicable Federal grant program; and

8 “(B) could be approved for Federal contribution under the Federal grant program if  
9 funds were available under the law for the project.

10 “(2) CERTIFICATION BY AUTHORITY.—

11 “(A) IN GENERAL.—The certifications and determinations required to be made by the  
12 Authority for approval of projects under this Act in accordance with section 3830 shall  
13 be—

14 “(i) controlling; and

15 “(ii) accepted by the Federal agencies.

16 “(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project  
17 described in paragraph (1), any finding, report, certification, or documentation required  
18 to be submitted with respect to the project to the head of the department, agency, or  
19 instrumentality of the Federal Government responsible for the administration of the  
20 Federal grant program under which the project is carried out shall be accepted by the  
21 Federal cochairperson.

22 “SEC. 3826. MULTISTATE AND LOCAL DEVELOPMENT  
23 DISTRICTS AND ORGANIZATIONS AND NORTHERN  
24 GREAT PLAINS INC.

25 “(a) Definition of Multistate and Local Development District or Organization.—In this  
26 section, the term ‘multistate and local development district or organization’ means an entity—

27 “(1) that—

28 “(A) is a planning district that is recognized by the Economic Development  
29 Administration of the Department of Commerce; or

30 “(B) is—

31 “(i) organized and operated in a manner that ensures broad-based community  
32 participation and an effective opportunity for other nonprofit groups to contribute  
33 to the development and implementation of programs in the region;

34 “(ii) a nonprofit incorporated body organized or chartered under the law of the  
35 State in which the entity is located;

36 “(iii) a nonprofit agency or instrumentality of a State or local government;

37 “(iv) a public organization established before the date of enactment of the  
38 \_\_\_\_\_Agriculture Reform, Food, and Jobs Act of 2012 under State law for

1 creation of multijurisdictional, area-wide planning organizations;

2 “(v) a nonprofit agency or instrumentality of a State that was established for the  
3 purpose of assisting with multistate cooperation; or

4 “(vi) a nonprofit association or combination of bodies, agencies, and  
5 instrumentalities described in clauses (ii) through (v); and

6 “(2) that has not, as certified by the Authority (in consultation with the Federal  
7 cochairperson or Secretary, as appropriate)—

8 “(A) inappropriately used Federal grant funds from any Federal source; or

9 “(B) appointed an officer who, during the period in which another entity  
10 inappropriately used Federal grant funds from any Federal source, was an officer of the  
11 other entity.

12 “(b) Grants to Multistate, Local, or Regional Development Districts and Organizations.—

13 “(1) IN GENERAL.—The Authority may make grants for administrative expenses under  
14 this section to multistate, local, and regional development districts and organizations.

15 “(2) CONDITIONS FOR GRANTS.—

16 “(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1)  
17 shall not exceed 80 percent of the administrative expenses of the multistate, local, or  
18 regional development district or organization receiving the grant.

19 “(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded for a  
20 period of greater than 3 years.

21 “(3) LOCAL SHARE.—The contributions of a multistate, local, or regional development  
22 district or organization for administrative expenses may be in cash or in kind, fairly  
23 evaluated, including space, equipment, and services.

24 “(c) Duties.—

25 “(1) IN GENERAL.—Except as provided in paragraph (2), a local development district shall  
26 operate as a lead organization serving multicounty areas in the region at the local level.

27 “(2) DESIGNATION.—The Federal cochairperson may designate an Indian tribe or  
28 multijurisdictional organization to serve as a lead organization in such cases as the Federal  
29 cochairperson or Secretary, as appropriate, determines appropriate.

30 “(d) Northern Great Plains Inc.—Northern Great Plains Inc., a nonprofit corporation  
31 incorporated in the State of Minnesota to implement the recommendations of the Northern Great  
32 Plains Rural Development Commission established by the Northern Great Plains Rural  
33 Development Act (7 U.S.C. 2661 note; Public Law 103–318)—

34 “(1) shall serve as an independent, primary resource for the Authority on issues of  
35 concern to the region;

36 “(2) shall advise the Authority on development of international trade;

37 “(3) may provide research, education, training, and other support to the Authority; and

38 “(4) may carry out other activities on its own behalf or on behalf of other entities.

1 “SEC. 3827. DISTRESSED COUNTIES AND AREAS AND  
2 NONDISTRESSED COUNTIES.

3 “(a) Designations.—Each year, the Authority, in accordance with such criteria as the  
4 Authority may establish, shall designate—

5 “(1) as distressed counties, counties in the region that are the most severely and  
6 persistently distressed and underdeveloped and have high rates of poverty, unemployment,  
7 or outmigration;

8 “(2) as nondistressed counties, counties in the region that are not designated as distressed  
9 counties under paragraph (1); and

10 “(3) as isolated areas of distress, areas located in nondistressed counties (as designated  
11 under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

12 “(b) Distressed Counties.—

13 “(1) IN GENERAL.—The Authority shall allocate at least 50 percent of the appropriations  
14 made available under section 3834 for programs and projects designed to serve the needs of  
15 distressed counties and isolated areas of distress in the region.

16 “(2) FUNDING LIMITATIONS.—The funding limitations under section 3825(b) shall not  
17 apply to a project to provide transportation or telecommunication or basic public services to  
18 residents of 1 or more distressed counties or isolated areas of distress in the region.

19 “(c) Transportation, Telecommunication, Renewable Energy, and Basic Public  
20 Infrastructure.—The Authority shall allocate at least 50 percent of any funds made available  
21 under section 3834 for transportation, telecommunication, renewable energy, and basic public  
22 infrastructure projects authorized under paragraphs (1) and (3) of section 3824(a).

23 “SEC. 3828. DEVELOPMENT PLANNING PROCESS.

24 “(a) State Development Plan.—In accordance with policies established by the Authority, each  
25 State member shall submit a development plan for the area of the region represented by the State  
26 member.

27 “(b) Content of Plan.—A State development plan submitted under subsection (a) shall reflect  
28 the goals, objectives, and priorities identified in the regional development plan developed under  
29 section 3823(d)(2).

30 “(c) Consultation With Interested Local Parties.—In carrying out the development planning  
31 process (including the selection of programs and projects for assistance), a State may—

32 “(1) consult with—

33 “(A) multistate, regional, and local development districts and organizations; and

34 “(B) local units of government; and

35 “(2) take into consideration the goals, objectives, priorities, and recommendations of the  
36 entities described in paragraph (1).

37 “(d) Public Participation.—

1           “(1) IN GENERAL.—The Authority and applicable multistate, regional, and local  
2           development districts and organizations shall encourage and assist, to the maximum extent  
3           practicable, public participation in the development, revision, and implementation of all  
4           plans and programs under this chapter.

5           “(2) REGULATIONS.—The Authority shall develop guidelines for providing public  
6           participation described in paragraph (1), including public hearings.

## 7   **“SEC. 3829. PROGRAM DEVELOPMENT CRITERIA.**

8           “(a) In General.—In considering programs and projects to be provided assistance under this  
9           chapter, and in establishing a priority ranking of the requests for assistance provided to the  
10          Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable,  
11          consideration of—

12           “(1) the relationship of the project or class of projects to overall multistate or regional  
13           development;

14           “(2) the per capita income and poverty and unemployment and outmigration rates in an  
15           area;

16           “(3) the financial resources available to the applicants for assistance seeking to carry out  
17           the project, with emphasis on ensuring that projects are adequately financed to maximize  
18           the probability of successful economic development;

19           “(4) the importance of the project or class of projects in relation to other projects or  
20           classes of projects that may be in competition for the same funds;

21           “(5) the prospects that the project for which assistance is sought will improve, on a  
22           continuing rather than a temporary basis, the opportunities for employment, the average  
23           level of income, or the economic development of the area to be served by the project; and

24           “(6) the extent to which the project design provides for detailed outcome measurements  
25           by which grant expenditures and the results of the expenditures may be evaluated.

26          “(b) No Relocation Assistance.—

27           “(1) IN GENERAL.—Except as provided in paragraph (2), no financial assistance  
28           authorized by this chapter shall be used to assist a person or entity in relocating from 1 area  
29           to another.

30           “(2) OUTSIDE BUSINESSES.—Financial assistance under this chapter may be used as  
31           otherwise authorized by this title to attract businesses from outside the region to the region.

32          “(c) Maintenance of Effort.—Funds may be provided for a program or project in a State under  
33          this chapter only if the Authority determines that the level of Federal or State financial assistance  
34          provided under a law other than this chapter, for the same type of program or project in the same  
35          area of the State within the region, will not be reduced as a result of funds made available by this  
36          chapter.

## 37   **“SEC. 3830. APPROVAL OF DEVELOPMENT PLANS AND** 38   **PROJECTS.**

1 “(a) In General.—A State or regional development plan or any multistate subregional plan that  
2 is proposed for development under this chapter shall be reviewed by the Authority.

3 “(b) Evaluation by State Member.—An application for a grant or any other assistance for a  
4 project under this chapter shall be made through and evaluated for approval by the State member  
5 of the Authority representing the applicant.

6 “(c) Certification.—An application for a grant or other assistance for a project shall be  
7 approved only on certification by the State member that the application for the project—

8 “(1) describes ways in which the project complies with any applicable State development  
9 plan;

10 “(2) meets applicable criteria under section 3829;

11 “(3) provides adequate assurance that the proposed project will be properly administered,  
12 operated, and maintained; and

13 “(4) otherwise meets the requirements of this chapter.

14 “(d) Votes for Decisions.—On certification by a State member of the Authority of an  
15 application for a grant or other assistance for a specific project under this section, an affirmative  
16 vote of the Authority under section 3822(c) shall be required for approval of the application.

## 17 “SEC. 3831. CONSENT OF STATES.

18 ““Nothing in this chapter requires any State to engage in or accept any program under this  
19 chapter without the consent of the State.

## 20 “SEC. 3832. RECORDS.

21 “(a) Records of the Authority.—

22 “(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all  
23 transactions and activities of the Authority.

24 “(2) AVAILABILITY.—All records of the Authority shall be available for audit and  
25 examination by the Comptroller General of the United States and the Inspector General of  
26 the Department of Agriculture (including authorized representatives of the Comptroller  
27 General and the Inspector General of the Department of Agriculture).

28 “(b) Records of Recipients of Federal Assistance.—

29 “(1) IN GENERAL.—A recipient of Federal funds under this chapter shall, as required by  
30 the Authority, maintain accurate and complete records of transactions and activities  
31 financed with Federal funds and report to the Authority on the transactions and activities to  
32 the Authority.

33 “(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit  
34 by the Comptroller General of the United States, the Inspector General of the Department of  
35 Agriculture, and the Authority (including authorized representatives of the Comptroller  
36 General, the Inspector General of the Department of Agriculture, and the Authority).

37 “(c) Annual Audit.—The Inspector General of the Department of Agriculture shall audit the  
38 activities, transactions, and records of the Authority on an annual basis.

1 **“SEC. 3833. ANNUAL REPORT.**

2 “Not later than 180 days after the end of each fiscal year, the Authority shall submit to the  
3 President and to Congress a report describing the activities carried out under this chapter.

4 **“SEC. 3834. AUTHORIZATION OF APPROPRIATIONS.**

5 “(a) In General.—There is authorized to be appropriated to the Authority to carry out this  
6 chapter \$30,000,000 for each of fiscal years 2012 through 2017, to remain available until  
7 expended.

8 “(b) Administrative Expenses.—Not more than ~~40~~ 5 percent of the amount appropriated under  
9 subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

10 “(c) Minimum State Share of Grants.—Notwithstanding any other provision of this chapter,  
11 for any fiscal year, the aggregate amount of grants received by a State and all persons or entities  
12 in the State under this chapter shall be not less than  $\frac{1}{3}$  of the product obtained by  
13 multiplying—

14 “(1) the aggregate amount of grants under this chapter for the fiscal year; and

15 “(2) the ratio that—

16 “(A) the population of the State (as determined by the Secretary of Commerce based  
17 on the most recent decennial census for which data are available); bears to

18 “(B) the population of the region (as so determined).

19 **“SEC. 3835. TERMINATION OF AUTHORITY.**

20 “The authority provided by this chapter terminates effective October 1, 2017.

21 **“Subtitle C—General Provisions**

22 **“SEC. 3901. FULL FAITH AND CREDIT.**

23 “(a) In General.—A contract of insurance or guarantee executed by the Secretary under this  
24 title shall be an obligation supported by the full faith and credit of the United States.

25 “(b) Contestability.—A contract of insurance or guarantee executed by the Secretary under  
26 this title shall be incontestable except for fraud or misrepresentation that the lender or any  
27 holder—

28 “(1) has actual knowledge of at the time the contract of insurance or guarantee is  
29 executed; or

30 “(2) participates in or condones.

31 **“SEC. 3902. PURCHASE AND SALE OF GUARANTEED**  
32 **PORTIONS OF LOANS.**

33 “(a) In General.—Subject to subsections (b) and (c), the Secretary may purchase, on such  
34 terms and conditions as the Secretary considers appropriate, the guaranteed portion of a loan  
35 guaranteed under this title, if the Secretary determines that an adequate secondary market is not

1 available in the private sector.

2 “(b) Maximum Payment.—The Secretary may not pay for any guaranteed portion of a loan  
3 under subsection (a) in excess of an amount equal to the unpaid principal balance and accrued  
4 interest on the guaranteed portion of the loan.

5 “(c) Sources of Funding.—The Secretary may use for the purchases—

6 “(1) funds from the Rural Development Insurance Fund with respect to rural development  
7 loans (as defined in section 3704(a)); and

8 “(2) funds from the Agricultural Credit Insurance Fund with respect to all other loans  
9 under this title.

10 “(d) Sale of Guaranteed Loans.—

11 “(1) SALES.—

12 “(A) REGULATION.—

13 “(i) IN GENERAL.—The guaranteed portion of any loan made under this title  
14 may be sold by the lender, and by any subsequent holder, in accordance with such  
15 regulations governing the sales as the Secretary shall establish, subject to clauses  
16 (ii) and (iii).

17 “(ii) FEES TO BE PAID IN FULL.—All fees due the Secretary with respect to a  
18 guaranteed loan shall be paid in full before any sale.

19 “(iii) LOAN TO BE FULLY DISBURSED.—The loan shall be fully disbursed to the  
20 borrower before the sale.

21 “(B) POST-SALE.—After a loan is sold in the secondary market, the lender shall—

22 “(i) remain obligated under the guarantee agreement of the lender with the  
23 Secretary; and

24 “(ii) continue to service the loan in accordance with the terms and conditions of  
25 that agreement.

26 “(C) PROCEDURES.—The Secretary shall develop such procedures as are necessary  
27 for—

28 “(i) the facilitation, administration, and promotion of secondary market  
29 operations; and

30 “(ii) determining the increase of access of farmers to capital at reasonable rates  
31 and terms as a result of secondary market operations.

32 “(D) RIGHTS TO PREPAY.—This subsection does not impede or extinguish—

33 “(i) the right of the borrower or the successor in interest to the borrower to  
34 prepay (in whole or in part) any loan made under this title; or

35 “(ii) the rights of any party under any provision of this title.

36 “(2) ISSUE POOL CERTIFICATES.—

37 “(A) IN GENERAL.—The Secretary may, directly or through a market maker

1 approved by the Secretary, issue pool certificates representing ownership of part or all  
2 of the guaranteed portion of any loan guaranteed by the Secretary under this title.

3 “(B) APPROVAL.—Certificates under subparagraph (A) shall be based on and backed  
4 by a pool established or approved by the Secretary and composed solely of the entire  
5 guaranteed portion of the loans.

6 “(C) GUARANTEE OF POOL.—On such terms and conditions as the Secretary  
7 considers appropriate, the Secretary may guarantee the timely payment of the principal  
8 and interest on pool certificates issued on behalf of the Secretary by approved market  
9 makers for purposes of this subsection.

10 “(D) LIMITATIONS.—A guarantee under subparagraph (C) shall be limited to the  
11 extent of principal and interest on the guaranteed portions of loans that compose the  
12 pool.

13 “(E) PREPAYMENT.—If a loan in a pool is prepaid, either voluntarily or by reason of  
14 default, the guarantee of timely payment of principal and interest on the pool  
15 certificates shall be reduced in proportion to the amount of principal and interest that  
16 the prepaid loan represents in the pool.

17 “(F) INTEREST ACCRUAL.—Interest on prepaid or defaulted loans shall accrue and be  
18 guaranteed by the Secretary only through the date of payment on the guarantee.

19 “(G) REDEMPTION.—During the term of the pool certificate, the certificate may be  
20 called for redemption due to prepayment or default of all loans constituting the pool.

21 “(H) FULL FAITH AND CREDIT.—The full faith and credit of the United States is  
22 pledged to the payment of all amounts that may be required to be paid under any  
23 guarantee of the pool certificates issued by approved market makers under this  
24 subsection.

25 “(I) FEES.—

26 “(i) IN GENERAL.—The Secretary shall not collect any fee for any guarantee  
27 under this subsection.

28 “(ii) SECRETARIAL FUNCTIONS.—Clause (i) does not preclude the Secretary  
29 from collecting a fee for the functions described in paragraph (3).

30 “(J) DEFAULT.—Not later than 30 days after a borrower of a guaranteed loan is in  
31 default of any principal or interest payment due for 60 days or more, the Secretary  
32 shall—

33 “(i) purchase the pool certificates representing ownership of the guaranteed  
34 portion of the loan; and

35 “(ii) pay the registered holder of the certificates an amount equal to the  
36 guaranteed portion of the loan represented by the certificate.

37 “(K) PAYMENT OF CLAIMS.—If the Secretary pays a claim under a guarantee issued  
38 under this subsection, the claim shall be subrogated fully to the rights satisfied by the  
39 payment, as may be provided by the Secretary.

40 “(L) APPLICATION OF LAWS.—No State or local law, and no Federal law, shall

1 preclude or limit the exercise by the Secretary of the ownership rights of the Secretary  
2 in the portions of loans constituting the pool against which the certificates are issued.

3 “(3) DUTIES OF THE SECRETARY.—

4 “(A) IN GENERAL.—On the adoption of final rules and regulations, the Secretary  
5 shall—

6 “(i) provide for the central collection of registration information from all  
7 participating market makers for all loans and pool certificates sold under  
8 paragraphs (1) and (2), including, with respect to each original sale and any  
9 subsequent sale—

10 “(I) identification of the interest rate paid by the borrower to the lender;

11 “(II) the servicing fee of the lender;

12 “(III) disclosure of whether interest on the loan is at a fixed or variable  
13 rate;

14 “(IV) identification of each purchaser of a pool certificate;

15 “(V) the interest rate paid on the certificate; and

16 “(VI) such other information as the Secretary considers appropriate.

17 “(ii) before any sale, require the seller (as defined in subparagraph (B) to  
18 disclose to each prospective purchaser of the portion of a loan guaranteed under  
19 this title and to each prospective purchaser of a pool certificate issued under  
20 paragraph (2) information on the terms, conditions, and yield of such instrument;

21 “(iii) provide for adequate custody of any pooled guaranteed loans;

22 “(iv) take such actions as are necessary, in restructuring pools of the guaranteed  
23 portion of loans, to minimize the estimated costs of paying claims under  
24 guarantees issued under this subsection;

25 “(v) require each market maker—

26 “(I) to service all pools formed, and participations sold, by the market  
27 maker; and

28 “(II) to provide the Secretary with information relating to the collection  
29 and disbursement of all periodic payments, prepayments, and default funds  
30 from lenders, to or from the reserve fund that the Secretary shall establish to  
31 enable the timely payment guarantee to be self-funding, and from all  
32 beneficial holders; and

33 “(vi) regulate market makers in pool certificates sold under this subsection.

34 “(B) DEFINITION OF SELLER.—For purposes of subparagraph (A)(ii), if the  
35 instrument being sold is a loan, the term ‘seller’ does not include—

36 “(i) the person who made the loan; or

37 “(ii) any person who sells 3 or fewer guaranteed loans per year.

38 “(4) CONTRACT FOR SERVICES.—The Secretary may contract for goods and services to be

1 used for the purposes of this subsection without regard to titles 5, 40, and 41, United States  
2 Code (including any regulations issued under those titles).

3 **“SEC. 3903. ADMINISTRATION.**

4 “(a) Powers of Secretary.—The Secretary may—

5 “(1)(A) administer the powers and duties of the Secretary through such national, area,  
6 State, or local offices and employees in the United States as the Secretary determines to be  
7 necessary; and

8 “(B) authorize an office to serve an area composed of 2 or more States if the Secretary  
9 determines that the volume of business in the area is not sufficient to justify separate State  
10 offices;

11 “(2)(A) accept and use voluntary and uncompensated services; and

12 “(B) with the consent of the agency concerned, use the officers, employees, equipment,  
13 and information of any agency of the Federal Government, or of any State, territory, or  
14 political subdivision;

15 “(3) subject to appropriations, make necessary expenditures for the purchase or hire of  
16 passenger vehicles, and such other facilities and services as the Secretary may from time to  
17 time find necessary for the proper administration of this title;

18 “(4) subject to subsection (b), compromise, adjust, reduce, or charge-off debts or claims  
19 (including debts and claims arising from loan guarantees), and adjust, modify, subordinate,  
20 or release the terms of security instruments, leases, contracts, and agreements entered into  
21 or administered by the Secretary under this title, except for activities conducted under the  
22 Housing Act of 1949 (42 U.S.C. 1441 et seq.);

23 “(5)(A) except for activities conducted under the Housing Act of 1949 (42 U.S.C. 1441 et  
24 seq.), collect all claims and obligations administered by the Farm Service Agency, the Rural  
25 Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative Service, or  
26 under any mortgage, lease, contract, or agreement entered into or administered by the  
27 Agency or Service; and

28 “(B) if the Secretary determines the action is necessary and advisable, pursue the  
29 collection to final collection in any court having jurisdiction;

30 “(6) release mortgage and other contract liens if it appears that the mortgage and liens  
31 have no present or prospective value or that the enforcement of the mortgage and liens  
32 likely would be ineffectual or uneconomical;

33 “(7) obtain fidelity bonds protecting the Federal Government against fraud and  
34 dishonesty of officers and employees of the Farm Service Agency, the Rural Utilities  
35 Service, the Rural Housing Service, or the Rural Business-Cooperative Service in lieu of  
36 faithful performance of duties bonds under section 14 of title 6, United States Code, but  
37 otherwise in accordance with the section;

38 “(8) consent to—

39 “(A) long-term leases of facilities financed under this title notwithstanding the  
40 failure of the lessee to meet any of the requirements of this title if the long-term leases

1 are necessary to ensure the continuation of services for which financing was extended  
2 to the lessor; and

3 “(B) the transfer of property securing any loan or financed by any loan or grant  
4 made or guaranteed by the Farm Service Agency, the Rural Utilities Service, the Rural  
5 Housing Service, or the Rural Business-Cooperative Service under this title, or any  
6 other law administered by the Secretary, on such terms as the Secretary considers  
7 necessary to carry out the purpose of the loan or grant or to protect the financial  
8 interest of the Federal Government, provided that the Secretary shall document the  
9 consent of the Secretary for the transfer of the property of a borrower in the file of the  
10 borrower; and

11 “(9) notwithstanding that an area ceases, or has ceased, to be rural, in a rural area, or an  
12 eligible area, make loans and grants, and approve transfers and assumptions, under this title  
13 on the same basis as though the area still was rural in connection with property securing any  
14 loan made or guaranteed by the Secretary under this title or in connection with any property  
15 held by the Secretary under this title.

16 “(b) Loan Adjustments.—

17 “(1) NO LIQUIDATION OF PROPERTY.—The Secretary may not require liquidation of  
18 property securing any farmer program loan or acceleration of any payment required under  
19 any farmer program loan as a prerequisite to initiating an action authorized under subsection  
20 (a).

21 “(2) RELEASE OF PERSONAL LIABILITY.—

22 “(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary may  
23 release a borrower or other person obligated on a debt (other than debt incurred under  
24 the Housing Act of 1949 (42 U.S.C. 1441 et seq.)) from personal liability with or  
25 without payment of any consideration at the time of the compromise, adjustment,  
26 reduction, or charge-off of any claim.

27 “(B) EXCEPTION.—No compromise, adjustment, reduction, or charge-off of any  
28 claim may be made or carried out—

29 “(i) in the case of a farmer program loan, on terms more favorable than the  
30 terms recommended by the county committee; or

31 “(ii) after the claim has been referred to the Attorney General, unless the  
32 Attorney General approves.

33 “(3) RURAL ELECTRIFICATION SECURITY INSTRUMENTS.—In the case of a security  
34 instrument entered into under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.),  
35 the Secretary shall notify the Attorney General of the intent of the Secretary to exercise the  
36 authority of the Secretary under paragraph (2).

37 “(c) Simplified Application Forms for Loan Guarantees.—

38 “(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application  
39 form for guarantees under this title of—

40 “(A) farmer program loans the principal amount of which is \$125,000 or less; and

1 “(B) business and industry guaranteed loans under section 3601(a)(2)(A) the  
2 principal amount of which is—

3 “(i) in the case of a loan guarantee made during fiscal year 2002 or 2003,  
4 \$400,000 or less; and

5 “(ii) in the case of a loan guarantee made during any subsequent fiscal year—

6 “(I) \$400,000 or less; or

7 “(II) if the Secretary determines that there is not a significant increased  
8 risk of a default on the loan, \$600,000 or less.

9 “(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an  
10 application process that accelerates, to the maximum extent practicable, the processing of  
11 applications for water and waste disposal grants or direct or guaranteed loans under section  
12 3501(a)(1) the grant award amount or principal loan amount, respectively, of which is  
13 \$300,000 or less.

14 “(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary  
15 shall—

16 “(A) consult with commercial and cooperative lenders; and

17 “(B) ensure that—

18 “(i) the form can be completed manually or electronically, at the option of the  
19 lender;

20 “(ii) the form minimizes the documentation required to accompany the form;

21 “(iii) the cost of completing and processing the form is minimal; and

22 “(iv) the form can be completed and processed in an expeditious manner.

23 “(d) Use of Attorneys for Prosecution or Defense of Claims.—The Secretary may use for the  
24 prosecution or defense of any claim or obligation described in subsection (a)(5) the Attorney  
25 General, the General Counsel of the Department, or a private attorney who has entered into a  
26 contract with the Secretary.

27 “(e) Private Collection Agency.—The Secretary may use a private collection agency to collect  
28 a claim or obligation described in subsection (a)(5).

29 “(f) Security Servicing.—

30 “(1) IN GENERAL.—The Secretary may—

31 “(A) make advances, without regard to any loan or total indebtedness limitation, to  
32 preserve and protect the security for, or the lien or priority of the lien securing any loan  
33 or other indebtedness owing to or acquired by the Secretary under this title or under  
34 any other program administered by the Farm Service Agency, the Rural Utilities  
35 Service, the Rural Housing Service, or the Rural Business-Cooperative Service  
36 applicable program, as determined by the Secretary; and

37 “(B)(i) bid for and purchase at any execution, foreclosure, or other sale or otherwise  
38 acquire property on which the United States has a lien by reason of a judgment or  
39 execution arising from, or that is pledged, mortgaged, conveyed, attached, or levied on

1 to secure the payment of, the indebtedness regardless of whether the property is subject  
2 to other liens;

3 “(ii) accept title to any property so purchased or acquired; and

4 “(iii) sell, manage, or otherwise dispose of the property in accordance with this  
5 subsection.

6 “(2) OPERATION OR LEASE OF REALTY.—Except as provided in subsections (c) and (e),  
7 real property administered under this title may be operated or leased by the Secretary for  
8 such period as the Secretary may consider necessary to protect the investment of the Federal  
9 Government in the property.

10 “(g) Payments to Lenders.—

11 “(1) REQUIREMENT.—Not later than 90 days after a court of competent jurisdiction  
12 confirms a plan of reorganization under chapter 12 of title 11, United States Code, for any  
13 borrower to whom a lender has made a loan guaranteed under this title, the Secretary shall  
14 pay the lender an amount estimated by the Secretary to be equal to the loss incurred by the  
15 lender for purposes of the guarantee.

16 “(2) PAYMENT TOWARD LOAN GUARANTEE.—Any amount paid to a lender under this  
17 subsection with respect to a loan guaranteed under this title shall be treated as payment  
18 towards satisfaction of the loan guarantee.

## 19 “SEC. 3904. LOAN MORATORIUM AND POLICY ON 20 FORECLOSURES.

21 “(a) In General.—In addition to any other authority that the Secretary may have to defer  
22 principal and interest and forgo foreclosure, the Secretary may permit, at the request of the  
23 borrower, the deferral of principal and interest on any outstanding loan made or guaranteed by  
24 the Secretary under this title, or under any other law administered by the Farm Service Agency,  
25 the Rural Utilities Service, the Rural Housing Service, or the Rural Business-Cooperative  
26 Service, and may forgo foreclosure of the loan, for such period as the Secretary considers  
27 necessary on a showing by the borrower that, due to circumstances beyond the control of the  
28 borrower, the borrower is temporarily unable to continue making payments of the principal and  
29 interest when due without unduly impairing the standard of living of the borrower.

30 “(b) Interest.—

31 “(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may permit any  
32 loan deferred under this section to bear no interest during or after the deferral period.

33 “(2) EXCEPTION.—If the security instrument securing the loan is foreclosed, such interest  
34 as is included in the purchase price at the foreclosure shall become part of the principal and  
35 draw interest from the date of foreclosure at the rate prescribed by law.

36 “(c) Moratorium Regarding Civil Rights Claims.—

37 “(1) IN GENERAL.—Except as otherwise provided in this subsection, effective beginning  
38 on May 22, 2008, there shall be in effect a moratorium, with respect to farmer program  
39 loans made under subtitle A, B, or C, on all acceleration and foreclosure proceedings  
40 instituted by the Department against any farmer or rancher who—

1           “(A) has pending against the Department a claim of program discrimination that is  
2           accepted by the Department as valid; or

3           “(B) files a claim of program discrimination that is accepted by the Department as  
4           valid.

5           “(2) WAIVER OF INTEREST AND OFFSETS.—During the period of the moratorium, the  
6           Secretary shall waive the accrual of interest and offsets on all farmer program loans made  
7           under subtitle A, B, or C for which loan acceleration or foreclosure proceedings have been  
8           suspended under paragraph (1).

9           “(3) TERMINATION OF MORATORIUM.—The moratorium shall terminate with respect to a  
10          claim of discrimination by a farmer or rancher on the earlier of—

11          “(A) the date the Secretary resolves the claim; or

12          “(B) if the farmer or rancher appeals the decision of the Secretary on the claim to a  
13          court of competent jurisdiction, the date that the court renders a final decision on the  
14          claim.

15          “(4) FAILURE TO PREVAIL.—If a farmer or rancher does not prevail on a claim of  
16          discrimination described in paragraph (1), the farmer or rancher shall be liable for any  
17          interest and offsets that accrued during the period that loan acceleration or foreclosure  
18          proceedings have been suspended under paragraph (1).

## 19   “SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON 20   LOANS.

21          “(a) In General.—The Secretary shall permit a borrower of a loan made or guaranteed under  
22          this title to make a prospective payment on the loan with proceeds from—

23          “(1) the leasing of oil, gas, or other mineral rights to real property used to secure the loan;  
24          or

25          “(2) the sale of oil, gas, or other minerals removed from real property used to secure the  
26          loan, if the value of the rights to the oil, gas, or other minerals has not been used to secure  
27          the loan.

28          “(b) Applicability.—Subsection (a) shall not apply to a borrower of a loan made or guaranteed  
29          under this title with respect to which a liquidation or foreclosure proceeding was pending on  
30          December 23, 1985.

## 31   “SEC. 3906. TAXATION.

32          “(a) In General.—Except as provided in subsection (b), all property subject to a lien held by  
33          the United States or the title to which is acquired or held by the Secretary under this title (other  
34          than property used for administrative purposes) shall be subject to taxation by State, territory,  
35          district, and local political subdivisions in the same manner and to the same extent as other  
36          property is taxed.

37          “(b) Exceptions.—No tax shall be imposed or collected as described in subsection (a) if the tax  
38          (whether as a tax on the instrument or in connection with conveying, transferring, or recording  
39          the instrument) is based on—

1           “(1) the value of any notes or mortgages or other lien instruments held by or transferred  
2 to the Secretary;

3           “(2) any notes or lien instruments administered under this title that are made, assigned, or  
4 held by a person otherwise liable for the tax; or

5           “(3) the value of any property conveyed or transferred to the Secretary.

6           “(c) Failure to Pay or Collect Tax.—The failure to pay or collect a tax under subsection (a)  
7 shall not—

8           “(1) be a ground for—

9               “(A) refusal to record or file an instrument; or

10              “(B) failure to provide notice; or

11           “(2) prevent the enforcement of the instrument in any Federal or State court.

## 12   “SEC. 3907. CONFLICTS OF INTEREST.

13           “(a) Acceptance of Consideration Prohibited.—No officer, attorney, or other employee of the  
14 Department shall, directly or indirectly, be the beneficiary of or receive any fee, commission,  
15 gift, or other consideration for or in connection with any transaction or business under this title  
16 other than such salary, fee, or other compensation as the officer, attorney, or employee may  
17 receive as the officer, attorney, or employee.

18           “(b) Acquisition of Interest in Land Prohibited.—

19               “(1) IN GENERAL.—Except as provided in paragraph (2), no officer or employee of the  
20 Department who acts on or reviews an application made by any person under this title for a  
21 loan to purchase land may acquire, directly or indirectly, any interest in the land for a period  
22 of 3 years after the date on which the action is taken or the review is made.

23               “(2) FORMER COUNTY COMMITTEE MEMBERS.—Paragraph (1) shall not apply to a former  
24 member of a county committee on a determination by the Secretary, prior to the acquisition  
25 of the interest, that the former member acted in good faith when acting on or reviewing the  
26 application.

27           “(c) Certifications on Loans to Family Members Prohibited.—No member of a county  
28 committee shall knowingly make or join in making any certification with respect to—

29               “(1) a loan to purchase any land in which the member, or any person related to the  
30 member within the second degree of consanguinity or affinity, has or may acquire any  
31 interest; or

32               “(2) any applicant related to the member within the second degree of consanguinity or  
33 affinity.

34           “(d) Penalties.—Any person violating this section shall, on conviction of the violation, be  
35 punished by a fine of not more than \$2,000 or imprisonment for not more than 2 years, or both.

## 36   “SEC. 3908. LOAN SUMMARY STATEMENTS.

37           “(a) Definition of Summary Period.—In this section, the term ‘summary period’ means the  
38 period beginning on the date of issuance of the preceding loan summary statement and ending on

1 the date of issuance of the current loan summary statement.

2 “(b) Issuance of Statements.—On the request of a borrower of a loan made (but not  
3 guaranteed) under this title, the Secretary shall issue to the borrower a loan summary statement  
4 that reflects the account activity during the summary period for each loan made under this title to  
5 the borrower, including—

6 “(1) the outstanding amount of principal due on each loan at the beginning of the  
7 summary period;

8 “(2) the interest rate charged on each loan;

9 “(3) the amount of payments made on, and the application of the payments to, each loan  
10 during the summary period and an explanation of the basis for the application of the  
11 payments;

12 “(4) the amount of principal and interest due on each loan at the end of the summary  
13 period;

14 “(5) the total amount of unpaid principal and interest on all loans at the end of the  
15 summary period;

16 “(6) any delinquency in the repayment of any loan;

17 “(7) a schedule of the amount and date of payments due on each loan; and

18 “(8) the procedure the borrower may use to obtain more information concerning the  
19 status of the loans.

## 20 “SEC. 3909. CERTIFIED LENDERS PROGRAM.

21 “(a) Certified Lenders Program.—

22 “(1) IN GENERAL.—The Secretary shall establish a program under which the Secretary  
23 shall guarantee loans under this title that are made by lending institutions certified by the  
24 Secretary.

25 “(2) CERTIFICATION REQUIREMENTS.—The Secretary shall certify a lending institution  
26 that meets such criteria as the Secretary may prescribe in regulations, including the ability  
27 of the institution to properly make, service, and liquidate the loans of the institution.

28 “(3) CONDITION OF CERTIFICATION.—

29 “(A) IN GENERAL.—As a condition of the certification, the Secretary shall require  
30 the institution to undertake to service the loans guaranteed by the Secretary under this  
31 section, using standards that are not less stringent than generally accepted banking  
32 standards concerning loan servicing employed by prudent commercial or cooperative  
33 lenders.

34 “(B) MONITORING.—The Secretary shall, at least annually, monitor the performance  
35 of each certified lender to ensure that the conditions of the certification are being met.

36 “(4) EFFECT OF CERTIFICATION.—Notwithstanding any other provision of law:

37 “(A) AMOUNT OF LOAN GUARANTEE.—In the case of a loan made or guaranteed  
38 under subtitle A, the Secretary shall guarantee 80 percent of a loan made under this

1 section by a certified lending institution as described in paragraph (1), subject to  
2 county committee certification that the borrower of the loan meets the eligibility  
3 requirements and such other criteria as may be applicable to loans guaranteed by the  
4 Secretary under other provisions of this title.

5 “(B) CERTIFICATIONS BY LENDING INSTITUTIONS.—In the case of loans to be  
6 guaranteed by the Secretary under this section, the Secretary shall permit certified  
7 lending institutions to make appropriate certifications (as provided by regulations  
8 issued by the Secretary)—

9 “(i) relating to issues such as creditworthiness, repayment ability, adequacy of  
10 collateral, and feasibility of farm operation; and

11 “(ii) that the borrower is in compliance with all requirements of law, including  
12 regulations issued by the Secretary.

13 “(C) APPROVAL PROCESS.—

14 “(i) IN GENERAL.—The Secretary shall approve or disapprove a guarantee not  
15 later than 14 days after the date that the lending institution applies to the Secretary  
16 for the guarantee.

17 “(ii) DISAPPROVAL.—If the Secretary disapproves the loan application during  
18 the 14-day period, the Secretary shall state, in writing, all of the reasons the  
19 application was disapproved.

20 “(5) RELATIONSHIP TO OTHER REQUIREMENTS.—Nothing in this section affects the  
21 responsibility of the Secretary to certify eligibility, review financial information, and  
22 otherwise assess an application.

23 “(b) Preferred Certified Lenders Program.—

24 “(1) IN GENERAL.—The Secretary shall establish a Preferred Certified Lenders Program  
25 for lenders under this title who establish—

26 “(A) knowledge of, and experience under, the program established under subsection  
27 (a);

28 “(B) knowledge of the regulations concerning the guaranteed loan program; and

29 “(C) proficiency related to the certified lender program requirements.

30 “(2) REVOCATION OF DESIGNATION.—

31 “(A) IN GENERAL.—Subject to subparagraph (B), the designation of a lender as a  
32 Preferred Certified Lender shall be revoked at any time—

33 “(i) that the Secretary determines that the lender is not adhering to the rules and  
34 regulations applicable to the program; or

35 “(ii) if the loss experiences of a Preferred Certified Lender are excessive as  
36 compared to other Preferred Certified Lenders.

37 “(B) EFFECT.—A suspension or revocation under subparagraph (A) shall not affect  
38 any outstanding guarantee.

39 “(3) CONDITION OF CERTIFICATION.—As a condition of preferred certification, the

1 Secretary shall require the institution to undertake to service the loans guaranteed by the  
2 Secretary under this subsection using generally accepted banking standards concerning loan  
3 servicing employed by prudent commercial or cooperative lenders.

4 “(4) MONITORING.—The Secretary shall, at least annually, monitor the performance of  
5 each Preferred Certified Lender to ensure that the conditions of certification are being met.

6 “(5) EFFECT OF PREFERRED LENDER CERTIFICATION.—

7 “(A) IN GENERAL.—Notwithstanding any other provision of law, the Secretary  
8 shall—

9 “(i) guarantee 80 percent of an approved loan made by a certified lending  
10 institution as described in this subsection, subject to county committee  
11 certification that the borrower meets the eligibility requirements or such other  
12 criteria as may be applicable to loans guaranteed by the Secretary under other  
13 provisions of this title;

14 “(ii) permit certified lending institutions—

15 “(I) to make all decisions, with respect to loans to be guaranteed by the  
16 Secretary under this subsection relating to credit worthiness, the closing,  
17 monitoring, collection and liquidation of loans; and

18 “(II) to accept appropriate certifications, as provided by regulations issued  
19 by the Secretary, that the borrower is in compliance with all requirements of  
20 law or regulations promulgated by the Secretary; and

21 “(iii) be considered to have guaranteed 80 percent of a loan made by a preferred  
22 certified lending institution as described in paragraph (1), if the Secretary fails to  
23 approve or reject the application of such institution within 14 calendar days after  
24 the date that the lending institution presented the application to the Secretary.

25 “(B) REQUIREMENT.—If the Secretary rejects an application under subparagraph  
26 (A)(iii) during the 14-day period, the Secretary shall state, in writing, the reasons the  
27 application was rejected.

28 “(c) Administration of Certified Lenders and Preferred Certified Lenders Programs.—The  
29 Secretary may administer the loan guarantee programs under subsections (a) and (b) through  
30 central offices established in States or in multi-State areas

## 31 “SEC. 3910. LOANS TO RESIDENT ALIENS.

32 “(a) In General.—Notwithstanding the provisions of this title limiting the making of a loan to  
33 a citizen of the United States, the Secretary may make a loan under this title to an alien lawfully  
34 admitted to the United States for permanent residence under the Immigration and Nationality Act  
35 (8 U.S.C. 1101 et seq.).

36 “(b) Regulations.—

37 “(1) IN GENERAL.—No loan may be made under this title to an alien referred to in  
38 subsection (a) until the Secretary issues regulations establishing the terms and conditions  
39 under which the alien may receive the loan.

1           “(2) REQUIREMENT.—The Secretary shall submit the regulations to the Committee on  
2           Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition,  
3           and Forestry of the Senate at least 30 days prior to the date on which the regulations are  
4           published in the Federal Register.

## 5           “SEC. 3911. EXPEDITED CLEARING OF TITLE TO 6           INVENTORY PROPERTY.

7           “(a) In General.—The Secretary may employ local attorneys, on a case-by-case basis, to  
8           process all legal procedures necessary to clear the title to foreclosed properties in the inventory  
9           of the Department.

10          “(b) Compensation.—Attorneys shall be compensated at not more than the usual and  
11          customary charges of the attorneys for the work.

## 12          “SEC. 3912. PROHIBITION ON USE OF LOANS FOR 13          CERTAIN PURPOSES.

14          “(a) In General.—Except as provided in subsections (b) and (c), the Secretary may not  
15          approve a loan under this title to drain, dredge, fill, level, or otherwise manipulate a wetland (as  
16          defined in section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a))), or to engage in  
17          any activity that results in impairing or reducing the flow, circulation, or reach of water.

18          “(b) Prior Activity.—Subsection (a) does not apply in the case of—

19                  “(1) an activity related to the maintenance of a previously converted wetland; or

20                  “(2) in the case of an activity that had already commenced before November 28, 1990.

21          “(c) Exception.—This section shall not apply to a loan made or guaranteed under this title for  
22          a utility line.

## 23          “SEC. 3913. REGULATIONS.

24          “The Secretary may issue such regulations, prescribe such terms and conditions for making or  
25          guaranteeing loans, security instruments, and agreements, except as otherwise specified in this  
26          title, and make such delegations of authority as the Secretary considers necessary to carry out  
27          this title.”.

## 28          SEC. 6002. CONFORMING AMENDMENTS.

29          (a) Section 17(c) of the Rural Electrification Act of 1936 (7 U.S.C. 917(c)) is amended by  
30          striking paragraph (1) and inserting the following:

31                  “(1) Subtitle B of the Consolidated Farm and Rural Development Act.”.

32          (b) Section 305(c)(2)(B)(i)(I) of the Rural Electrification Act of 1936 (7 U.S.C.  
33          935(c)(2)(B)(i)(I)) is amended by striking “section 307(a)(3)(A) of the Consolidated Farm and  
34          Rural Development Act (7 U.S.C. 1927(a)(3)(A))” and inserting “section 3701(b)(2) of the  
35          Consolidated Farm and Rural Development Act”.

36          (c) Section 306F(a)(1) of the Rural Electrification Act of 1936 (7 U.S.C. 936f(a)(1)) is  
37          amended by striking subparagraph (B) and inserting the following:

1 “(B) chapter 1 of subtitle B of the Consolidated Farm and Rural Development Act.”.

2 (d) Section 2333(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
3 950aaa-2(d)) is amended—

4 (1) in paragraph (11), by adding “and” at the end;

5 (2) by striking paragraph (12); and

6 (3) by redesignating paragraph (13) as paragraph (12).

7 (e) Section 601(b) of the Rural Electrification Act of 1936 (7 U.S.C. 950bb(b)) is amended by  
8 striking paragraph (3).

9 (f) Section 602(5) of the Emergency Livestock Feed Assistance Act of 1988 (7 U.S.C.  
10 1471(5)) is amended by striking “section 355(e)(1)(D)(ii) of the Consolidated Farm and Rural  
11 Development Act (7 U.S.C. 1985(e)(1)(D)(ii))” and inserting “section 3409(c)(1)(A) of the  
12 Consolidated Farm and Rural Development Act”.

13 (g) Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended—

14 (1) in subsection (b)(7)(A), by striking “section 371 of the Consolidated Farm and Rural  
15 Development Act (7 U.S.C. 2008f)” and inserting “section 3424 of the Consolidated Farm  
16 and Rural Development Act”; and

17 (2) in subsection (n)(2), by striking “subtitle C of the Consolidated Farm and Rural  
18 Development Act (7 U.S.C. 1961 et seq.)” and inserting “chapter 3 of subtitle A of the  
19 Consolidated Farm and Rural Development Act”.

20 (h) Section 231(a) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1632a(a)) is  
21 amended—

22 (1) in paragraph (1), by striking “section 343(a) of the Consolidated Farm and Rural  
23 Development Act (7 U.S.C. 1991(a))” and inserting “section 3002 of the Consolidated Farm  
24 and Rural Development Act”; and

25 (2) in paragraph (4), by striking “section 355(e) of the Consolidated Farm and Rural  
26 Development Act (7 U.S.C. 2003(e))” and inserting “section 3002 of the Consolidated Farm  
27 and Rural Development Act”.

28 (i) Section 14204(a) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
29 2008q-1(a)) is amended by striking “an entity described in section 379C(a) of the Consolidated  
30 Farm and Rural Development Act (7 U.S.C. 2008q(a))” and inserting “an entity determined by  
31 the Secretary”.

32 (j) Section 607(c)(6) of the Rural Development Policy Act of 1972 (7 U.S.C. 2204b(c)(6)) is  
33 amended in the last sentence—

34 (1) by striking “, and” and inserting “and any”; and

35 (2) by striking “required under section 306(a)(12) of the Consolidated Farm and Rural  
36 Development Act”.

37 (k) Section 901(b) of the Agricultural Act of 1970 (7 U.S.C. 2204b-1(b)) is amended by  
38 striking “rural areas as defined in the private business enterprise exception in section 306(a)(7) of  
39 the Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1926)” and

1 inserting “rural areas, as defined in section 3002 of the Consolidated Farm and Rural  
2 Development Act”.

3 (l) Section 14220 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2206b) is  
4 amended by striking “section 343(a)(13)(A) of the Consolidated Farm and Rural Development  
5 Act)” and inserting “section 3002 of the Consolidated Farm and Rural Development Act”.

6 (m) Section 2501(c)(2)(D) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7  
7 U.S.C. 2279(c)(2)(D)) is amended by striking “sections 355(a)(1) and 355(c) of the Consolidated  
8 Farm and Rural Development Act (7 U.S.C. 2003(a)(1))” and inserting “paragraphs (1) and (3)  
9 of section 3416(a) of the Consolidated Farm and Rural Development Act”.

10 (n) Section 2501A(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
11 2279–1(b)) is amended by striking “section 355(e) of the Consolidated Farm and Rural  
12 Development Act (7 U.S.C. 2003(e))” and inserting “section 3002 of the Consolidated Farm and  
13 Rural Development Act”.

14 (o) Section 7405(c)(8)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.  
15 3319f(c)(8)(B)) is amended by striking “section 355(e) of the Consolidated Farm and Rural  
16 Development Act (7 U.S.C. 2003(e))” and inserting “section 3002 of the Consolidated Farm and  
17 Rural Development Act”.

18 (p) Section 1101(d)(2)(A) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
19 8711(d)(2)(A)) is amended by striking “section 355(e) of the Consolidated Farm and Rural  
20 Development Act (7 U.S.C. 2003(e))” and inserting “section 3002 of the Consolidated Farm and  
21 Rural Development Act”.

22 (q) Section 1302(d)(2)(A) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
23 8752(d)(2)(A)) is amended by striking “section 355(e) of the Consolidated Farm and Rural  
24 Development Act (7 U.S.C. 2003(e))” and inserting “section 3002 of the Consolidated Farm and  
25 Rural Development Act”.

26 (r) Section 2375(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
27 6613(g)) is amended by striking “section 304(b), 306(a), or 310B(e) of the Consolidated Farm  
28 and Rural Development Act (7 U.S.C. 1924(b), 1926(a), and 1932(e))” and inserting “subtitle B  
29 of the Consolidated Farm and Rural Development Act”.

30 (s) Section 226B(a)(1) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C.  
31 6934(a)(1)) is amended by striking “section 343(a) of the Consolidated Farm and Rural  
32 Development Act (7 U.S.C. 1991(a))” and inserting “section 3002 of the Consolidated Farm and  
33 Rural Development Act”.

34 (t) Section 196(i)(3)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7  
35 U.S.C. 7333(i)(3)(B)) is amended by striking “subtitle C of the Consolidated Farm and Rural  
36 Development Act (7 U.S.C. 1961 et seq.)” and inserting “chapter 3 of subtitle A of the  
37 Consolidated Farm and Rural Development Act”.

38 (u) Section 9009(a)(1) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.  
39 8109(a)(1)) is amended by striking “section 343(a)(13)(A) of the Consolidated Farm and Rural  
40 Development Act (7 U.S.C. 1991(a)(13)(A))” and inserting “section 3002 of the Consolidated  
41 Farm and Rural Development Act”.

42 (v) Section 9011(c)(2)(B)(v) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.

1 8111(c)(2)(B)(v)) is amended by striking subclause (I)and inserting the following:

2 “(I) beginning farmers or ranchers (as defined in accordance with section  
3 3002 of the Consolidated Farm and Rural Development Act); or”.

4 (w) Section 7(b)(2)(B) of the Small Business Act (15 U.S.C. 636(b)(2)(B)) is amended by  
5 striking “section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961)”  
6 and inserting “section 3301 of the Consolidated Farm and Rural Development Act”.

7 (x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Conservation and Domestic Allotment Act (16  
8 U.S.C. 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking “section 355(e)(1) of the Consolidated  
9 Farm and Rural Development Act (7 U.S.C.A. 2003(e)(1))” and inserting “section 3002 of the  
10 Consolidated Farm and Rural Development Act”.

11 (y) Section 10(b)(3) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C.  
12 2106(b)(3)) is amended in the last sentence by striking “set out in the first clause of section  
13 306(a)(7) of the Consolidated Farm and Rural Development Act” and inserting “given the term  
14 in section 3002 of the Consolidated Farm and Rural Development Act”.

15 (z) Section 1201(a)(2) of the Food Security Act of 1985 (16 U.S.C. 3801(a)(2)) is amended by  
16 striking “section 343(a)(8) of the Consolidated Farm and Rural Development Act (7 U.S.C.  
17 1991(a)(8))” and inserting “section 3002 of the Consolidated Farm and Rural Development Act”.

18 (aa) Section 1238(2) of the Food Security Act of 1985 (16 U.S.C. 3838(2)) is amended by  
19 striking “section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C.  
20 1991(a))” and inserting “section 3002 of the Consolidated Farm and Rural Development Act”.

21 (bb) The first section of Public Law 91–229 (25 U.S.C. 488) is amended in subsection (a) by  
22 striking “make loans from the Farmers Home Administration Direct Loan Account created by  
23 section 338(c), and to make and insure loans as provided in sections 308 and 309, of the  
24 Consolidated Farmers Home Administration Act of 1961, as amended (7 U.S.C. 1988(c), 1928,  
25 1929),” and inserting “make loans under chapter 1 of subtitle A of the Consolidated Farm and  
26 Rural Development Act”.

27 (cc) Section 5 of Public Law 91–229 (25 U.S.C. 492) is amended by striking “section  
28 307(a)(3)(B) of the Consolidated Farmers Home Administration Act of 1961, as amended, and to  
29 the provisions of subtitle D of that Act except sections 340, 341, 342, and 343” and inserting  
30 “3105(b)(2) of the Consolidated Farm and Rural Development Act”.

31 (dd) Section 6(c) of Public Law 91–229 (25 U.S.C. 493(c)) is amended by striking “section  
32 333B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983b)” and inserting  
33 “subtitle H of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6991 et  
34 seq.)”.

35 (ee) Section 181(a)(2)(B)(ii) of the Internal Revenue Code of 1986 is amended by striking  
36 “section 2009aa–1 of title 7, United States Code” and inserting “section 3801 of the  
37 Consolidated Farm and Rural Development Act”.

38 (ff) Section 515(b)(3) of the Housing Act of 1949 (42 U.S.C. 1485(b)(3)) is amended by  
39 striking “all the provisions of section 309 and the second and third sentences of section 308 of  
40 the Consolidated Farmers Home Administration Act of 1961, including the authority in section  
41 309(f)(1) of that Act” and inserting “section 3401 of the Consolidated Farm and Rural  
42 Development Act”.

1 (gg) Section 517(b) of the Housing Act of 1949 (42 U.S.C. 1487(b)) is amended in the third  
2 sentence by striking “(7 U.S.C. 1929)” and inserting “under section 3401 of the Consolidated  
3 Farm and Rural Development Act”.

4 (hh) Section 3(8) of the Public Works and Economic Development Act of 1965 (42 U.S.C.  
5 3122(8)) is amended—

6 (1) by striking subparagraph (B) and inserting the following:

7 “(B) the Delta Regional Authority established under chapter 4 of subtitle B of the  
8 Consolidated Farm and Rural Development Act;”; and

9 (2) by striking subparagraph (D) and inserting the following:

10 “(D) the Northern Great Plains Regional Authority established under chapter 5 of  
11 subtitle B of the Consolidated Farm and Rural Development Act.”.

12 (ii) Section 310(a) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act  
13 (42 U.S.C. 5153(a)) is amended by striking paragraph (4) and inserting the following:

14 “(4) Chapter 1 of subtitle B of the Consolidated Farm and Rural Development Act.”.

15 (jj) Section 582(d)(1) of the National Flood Insurance Reform Act of 1994 (42 U.S.C.  
16 5154a(d)(1)) is amended by striking “section 321(a) of the Consolidated Farm and Rural  
17 Development Act (7 U.S.C. 1961(a))” and inserting “section 3301(b) of the Consolidated Farm  
18 and Rural Development Act”.

19 (kk) Section 213(c)(1) of the Biomass Energy and Alcohol Fuels Act of 1980 (42 U.S.C.  
20 8813(c)(1)) is amended in the first sentence by striking “section 309 of the Consolidated Farm  
21 and Rural Development Act or the Rural Development Insurance Fund in section 309A of such  
22 Act” and inserting “under section 3401 of the Consolidated Farm and Rural Development Act or  
23 the Rural Development Insurance Fund under section 3704 of that Act”.

24 (ll) Section 1323(b)(2) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932  
25 note) is amended—

26 (1) in subparagraph (A), by inserting “and” at the end;

27 (2) in subparagraph (B), by striking “; and” at the end and inserting a period; and

28 (3) by striking subparagraph (C).

## 29 Subtitle B—Rural Electrification

### 30 SEC. 6101. DEFINITION OF RURAL AREA.

31 Section 13(3) of the Rural Electrification Act of 1936 (7 U.S.C. 913(A)) is amended by  
32 striking subparagraph (A) and inserting the following:

33 “(A) any area described in section 3002(28)(A)(i) of the Consolidated Farm and  
34 Rural Development Act; and”.

### 35 SEC. 6102. GUARANTEES FOR BONDS AND NOTES 36 ISSUED FOR ELECTRIFICATION OR TELEPHONE

1 **PURPOSES.**

2 Section 313A(f) of the Rural Electrification Act of 1936 (7 U.S.C. 940c-1(f)) is amended by  
3 striking “2012” and inserting “2017”.

4 **SEC. 6103. EXPANSION OF 911 ACCESS.**

5 Section 315(d) of the Rural Electrification Act of 1936 (7 U.S.C. 940e(d)) is amended by  
6 striking “2012” and inserting “2017”.

7 **SEC. 6104. ACCESS TO BROADBAND**  
8 **TELECOMMUNICATIONS SERVICES IN RURAL AREAS.**

9 Section 601 of the Rural Electrification Act of 1936 (7 U.S.C. 950bb) is amended—

10 (1) in subsection (a), by striking “loans and” and inserting “grants, loans, and”;

11 (2) in subsection (b), by striking paragraph (3) **and inserting the following:**

12 **“(3) RURAL AREA.—The term ‘rural area’ means any area described in section 3002**  
13 **of the Consolidated Farm and Rural Development Act.”;**

14 (3) in subsection (c)—

15 (A) in the subsection heading, by striking “Loans and” and inserting “Grants, Loans,  
16 and”;

17 (B) in paragraph (1), by inserting “make grants and” after “Secretary shall”;

18 (C) ~~in paragraph (2)—~~

19 (i) by striking ~~“In making”~~ **paragraph (2)** and inserting the following:

20 ~~“(1) In general.—In making”;~~ **“(2) PRIORITY.—**

21 (ii) by inserting ~~“making grants and”~~ after ~~“In”~~; and **“(A) IN GENERAL.—In making**  
22 **grants or guaranteeing loans under paragraph (1), the Secretary shall give the**  
23 **highest priority to applicants that offer to provide broadband service to the**  
24 **greatest proportion of households that, prior to the provision of the broadband**  
25 **service, had no incumbent service provider.**

26 (iii) by adding at the end the following: **“(B) OTHER.—After giving priority to the**  
27 **applicants described in subparagraph (A), the Secretary shall then give priority to**  
28 **projects that serve rural communities—**

29  
30 \* 1 ~~“(B) Priority.—In making grants under this section, the Secretary shall give~~  
31 ~~priority to projects that serve—~~

32 ~~“(i) a community with a population of less than 20,000 permanent residents;~~

33 ~~“(ii) a rural community experiencing outmigration;~~

34 ~~“(iii) a community with a high percentage of low-income residents; or and~~

35 ~~“(iv) a rural community that are isolated from other significant population~~

1                   centers.”; **and**

2                   (D) by adding at the end the following:

3                   “(3) GRANT AMOUNTS.—

4                   “(A) ELIGIBILITY.—To be eligible for a grant under this section, the project that is  
5                   the subject of the grant shall be carried out in a rural area.

6                   “(B) ~~MAXIMUM.~~ ~~THE MAXIMUM.~~—**Except as provided in subparagraph (D),**  
7                   **the** amount of any grant made under this section shall not exceed 50 percent of the  
8                   development costs of the project for which the grant is provided.

9                   “(C) GRANT RATE.—The Secretary shall establish the grant rate for each project in  
10                  accordance with regulations issued by the Secretary that shall provide for a graduated  
11                  scale of grant rates that establish higher rates for projects in communities that have—

12                   “(i) remote locations;

13                   “(ii) low community populations;

14                   “(iii) low income levels; and

15                   “(iv) developed the applications of the communities with the participation of  
16                  combinations of stakeholders, including—

17                   “(I) State, local, and tribal governments;

18                   “(II) nonprofit institutions;

19                   “(III) institutions of higher education;

20                   “(IV) private entities; and

21                   “(V) philanthropic ~~organizations.~~; **organizations.**

22                   “(D) **SECRETARIAL AUTHORITY TO ADJUST.**—**The Secretary may make grants of**  
23                   **up to 75 percent of the development costs of the project for which the grant is**  
24                   **provided to an eligible entity if the Secretary determines that the project serves a**  
25                   **remote or low income area that does not have access to broadband service from**  
26                   **any provider of broadband service (including the applicant).”;**

27                  (4) in subsection (d)—

28                   (A) in paragraph (1)(A)—

29                   (i) in the matter preceding clause (i), by striking “loan or” and inserting “grant,  
30                   loan, or”;

31                   (ii) in clause (ii), by striking “a loan application” and inserting “an  
32                   application”; and

33                   (iii) in clause (iii)—

34                   (I) by striking “the loan application” and inserting “the application”; and

35                   (II) by striking “proceeds from the loan made or guaranteed under this  
36                   section are” and inserting “assistance under this section is”;

1 (B) in paragraph (2)(A), in the matter preceding clause (i)—

2 (i) by striking “the proceeds of a loan made or guaranteed” and inserting  
3 “assistance”; and

4 (ii) by striking “for the loan or loan guarantee” and inserting “of the eligible  
5 entity”;

6 (C) by striking “loan or” each place it appears in paragraphs (2)(B), (3)(A), (4), (5),  
7 and (6) and inserting “grant, loan, or”;

8 (D) in paragraph (7), by striking “a loan application” and inserting “an application”;  
9 and

10 (E) by adding at the end the following:

11 “(8) TRANSPARENCY AND REPORTING.—The Secretary—

12 “(A) shall require any entity receiving assistance under this section to submit  
13 quarterly, in a format specified by the Secretary, a report that describes—

14 “(i) the use by the entity of the assistance; and

15 “(ii) the progress towards fulfilling the objectives for which the assistance was  
16 granted;

17 “(B) shall maintain a fully searchable database, accessible on the Internet at no cost  
18 to the public, that contains, at a minimum—

19 “(i) a list of each entity that has applied for assistance under this section;

20 “(ii) a description of each application, including the status of each application;

21 “(iii) for each entity receiving assistance under this section—

22 “(I) the name of the entity;

23 “(II) the type of assistance being received;

24 “(III) the purpose for which the entity is receiving the assistance; and

25 “(IV) each quarterly report submitted under subparagraph (A); and

26 “(iv) such other information as is sufficient to allow the public to understand  
27 and monitor assistance provided under this section;

28 “(C) may, in addition to other authority under applicable law, deobligate awards to  
29 grantees that demonstrate an insufficient level of performance, or wasteful or  
30 fraudulent spending, as defined in advance by the Secretary, and award those funds  
31 competitively to new or existing applicants consistent with this section; and

32 “(D) may establish additional reporting and information requirements for any  
33 recipient of any assistance under this section so as to ensure compliance with this  
34 section.”;

35 (5) in subsection (f), by striking “make a loan or loan guarantee” and inserting “provide  
36 assistance”;

37 (6) in subsection (j)—

- 1 (A) in the matter preceding paragraph (1), by striking “loan and loan guarantee”;  
2 (B) in paragraph (1), by inserting “grants and” after “number of”;  
3 (C) in paragraph (2)—  
4 (i) in subparagraph (A), by striking “loan”; and  
5 (ii) in subparagraph (B), by striking “loans and” and inserting “grants, loans,  
6 and”; and  
7 (D) in paragraph (3), by striking “loan”;  
8 (7) in subsection (k)(1)—  
9 (A) by striking “\$25,000,000” and inserting “\$50,000,000”; and  
10 (B) by striking “2012” and inserting “2017”; and  
11 (8) in subsection (l)—  
12 (A) by striking “loan or” and inserting “grant, loan, or”; and  
13 (B) by striking “2012” and inserting “2017”.

## 14 Subtitle C—Miscellaneous

### 15 SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.

- 16 (a) Authorization of Appropriations.—Section 2335A of the Food, Agriculture, Conservation,  
17 and Trade Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking “2012” and inserting “2017”.
- 18 (b) Conforming Amendment.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is  
19 amended by striking “2012” and inserting “2017”.

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**TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS [COMPLETE SUBSTITUTE AMENDMENT]**

**Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977**

**SEC. 7101. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.**

(a) Authorization of Appropriations.—Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking “2012” and inserting “2017”.

(b) Duties of National Agricultural Research, Extension, Education, and Economics Advisory Board.—Section 1408(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(c)) is amended—

(1) in paragraph (3), by striking “and” at the end;

(2) in paragraph (4)(C), by striking the period at the end and inserting “; and”; and

(3) by adding at the end the following:

“(5) consult with industry groups on agricultural research, extension, education, and economics, and make recommendations to the Secretary based on that consultation.”.

**SEC. 7102. SPECIALTY CROP COMMITTEE.**

Section 1408A of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123a) is amended—

(1) in subsection (b)—

(A) by striking “Individuals” and inserting the following:

“(1) ELIGIBILITY.—Individuals”;

(B) by striking “Members” and inserting the following:

“(2) SERVICE.—Members”; and

(C) by adding at the end the following:

“(3) DIVERSITY.—Membership of the specialty crops committee shall reflect diversity in the specialty crops represented.”;

(2) in subsection (c), by adding at the end the following:

“(6) Analysis of alignment of specialty crop committee recommendations with specialty crop research initiative grants awarded under section 412(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7632).”;

1 (3) by redesignating subsections (d) and (e) as subsections (e) and (f), respectively;

2 (4) by inserting after subsection (c) the following:

3 “(d) Consultation With Specialty Crop Industry.—In studying the scope and effectiveness of  
4 programs under subsection (a), the specialty crops committee shall consult on an ongoing basis  
5 with diverse sectors of the specialty crop industry.”; and

6 (5) in subsection (f) (as redesignated by paragraph (3)), by striking “subsection (d)” and  
7 inserting “subsection (e)”.

## 8 **SEC. 7103. VETERINARY SERVICES GRANT PROGRAM.**

9 The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended  
10 by inserting after section 1415A (7 U.S.C. 3151a) the following:

## 11 **“SEC. 1415B. VETERINARY SERVICES GRANT** 12 **PROGRAM.**

13 “(a) Definitions.—In this section:

14 “(1) QUALIFIED ENTITY.—The term ‘qualified entity’ means—

15 “(A) a for-profit or nonprofit entity located in the United States that operates a  
16 veterinary clinic providing veterinary services—

17 “(i) in a rural area, as defined in section 343(a) of the Consolidated Farm and  
18 Rural Development Act (7 U.S.C. 1991(a)); and

19 “(ii) in response to a veterinarian shortage situation;

20 “(B) a State, national, allied, or regional veterinary organization or specialty board  
21 recognized by the American Veterinary Medical Association;

22 “(C) a college or school of veterinary medicine accredited by the American  
23 Veterinary Medical Association;

24 “(D) a university research foundation or veterinary medical foundation;

25 “(E) a department of veterinary science or department of comparative medicine  
26 accredited by the Department of Education;

27 “(F) a State agricultural experiment station; and

28 “(G) a State, local, or tribal government agency.

29 “(2) VETERINARIAN SHORTAGE SITUATION.—The term ‘veterinarian shortage situation’  
30 means a veterinarian shortage situation determined by the Secretary under section  
31 1415A(b).

32 “(b) Establishment of Program.—

33 “(1) COMPETITIVE GRANTS.—The Secretary shall carry out a program to make  
34 competitive grants to qualified entities that carry out programs or activities described in  
35 paragraph (2) for the purpose of developing, implementing, and sustaining veterinary  
36 services.

1           “(2) ELIGIBILITY REQUIREMENTS.—To be eligible to receive a grant described in  
2 paragraph (1), a qualified entity shall carry out programs or activities that the Secretary  
3 determines will—

4           “(A) substantially relieve veterinarian shortage situations;

5           “(B) support or facilitate private veterinary practices engaged in public health  
6 activities; or

7           “(C) support or facilitate the practices of veterinarians who are participating in or  
8 have successfully completed a service requirement under section 1415A(a)(2).

9           “(c) Award Processes and Preferences.—

10           “(1) APPLICATION, EVALUATION, AND INPUT PROCESSES.—In administering the grant  
11 program under this section, the Secretary shall—

12           “(A) use an appropriate application and evaluation process, as determined by the  
13 Secretary; and

14           “(B) seek the input of interested persons.

15           “(2) GRANT PREFERENCES.—In selecting recipients of grants to be used for any of the  
16 purposes described in paragraphs (2) through (6) of subsection (d), the Secretary shall give  
17 a preference to qualified entities that provide documentation of coordination with other  
18 qualified entities, with respect to any such purpose.

19           “(3) ADDITIONAL PREFERENCES.—In awarding grants under this section, the Secretary  
20 may develop additional preferences by taking into account the amount of funds available for  
21 grants and the purposes for which the grant funds will be used.

22           “(4) APPLICABILITY OF OTHER PROVISIONS.—Sections 1413B, 1462(a), 1469(a)(3),  
23 1469(c), and 1470 apply to the administration of the grant program under this section.

24           “(d) Use of Grants to Relieve Veterinarian Shortage Situations and Support Veterinary  
25 Services.—A qualified entity may use funds provided by grants under this section to relieve  
26 veterinarian shortage situations and support veterinary services for the following purposes:

27           “(1) To assist veterinarians with establishing or expanding practices for the purpose of—

28           “(A) equipping veterinary offices;

29           “(B) sharing in the reasonable overhead costs of the practices, as determined by the  
30 Secretary; or

31           “(C) establishing mobile veterinary facilities in which a portion of the facilities will  
32 address education or extension needs.

33           “(2) To promote recruitment (including for programs in secondary schools), placement,  
34 and retention of veterinarians, veterinary technicians, students of veterinary medicine, and  
35 students of veterinary technology.

36           “(3) To allow veterinary students, veterinary interns, externs, fellows, and residents, and  
37 veterinary technician students to cover expenses (other than the types of expenses described  
38 in 1415A(c)(5)) to attend training programs in food safety or food animal medicine.

39           “(4) To establish or expand accredited veterinary education programs (including faculty

1 recruitment and retention), veterinary residency and fellowship programs, or veterinary  
2 internship and externship programs carried out in coordination with accredited colleges of  
3 veterinary medicine.

4 “(5) To assess veterinarian shortage situations and the preparation of applications  
5 submitted to the Secretary for designation as a veterinarian shortage situation under section  
6 1415A(b).

7 “(6) To provide continuing education and extension, including veterinary telemedicine  
8 and other distance-based education, for veterinarians, veterinary technicians, and other  
9 health professionals needed to strengthen veterinary programs and enhance food safety.

10 “(e) Special Requirements for Certain Grants.—

11 “(1) TERMS OF SERVICE REQUIREMENTS.—

12 “(A) IN GENERAL.—Grants provided under this section for the purpose specified in  
13 subsection (d)(1) shall be subject to an agreement between the Secretary and the grant  
14 recipient that includes a required term of service for the recipient, as established by the  
15 Secretary.

16 “(B) CONSIDERATIONS.—In establishing a term of service under subparagraph (A),  
17 the Secretary shall consider only—

18 “(i) the amount of the grant awarded; and

19 “(ii) the specific purpose of the grant.

20 “(2) BREACH REMEDIES.—

21 “(A) IN GENERAL.—An agreement under paragraph (1) shall provide remedies for  
22 any breach of the agreement by the grant recipient, including repayment or partial  
23 repayment of the grant funds, with interest.

24 “(B) WAIVER.—The Secretary may grant a waiver of the repayment obligation for  
25 breach of contract if the Secretary determines that the grant recipient demonstrates  
26 extreme hardship or extreme need.

27 “(C) TREATMENT OF AMOUNTS RECOVERED.—Funds recovered under this paragraph  
28 shall—

29 “(i) be credited to the account available to carry out this section; and

30 “(ii) remain available until expended.

31 “(f) Cost-sharing Requirements.—

32 “(1) RECIPIENT SHARE.—Subject to paragraph (2), to be eligible to receive a grant under  
33 this section, a qualified entity shall provide matching non-Federal funds, either in cash or  
34 in-kind support, in an amount equal to not less than 25 percent of the Federal funds  
35 provided by the grant.

36 “(2) WAIVER.—The Secretary may establish, by regulation, conditions under which the  
37 cost-sharing requirements of paragraph (1) may be reduced or waived.

38 “(g) Prohibition on Use of Grant Funds for Construction.—Funds made available for grants  
39 under this section may not be used—

1           “(1) to construct a new building or facility; or  
2           “(2) to acquire, expand, remodel, or alter an existing building or facility, including site  
3           grading and improvement and architect fees.

4           “(h) Regulations.—Not later than 1 year after the date of enactment of this section, the  
5           Secretary shall promulgate regulations to carry out this section.

6           “(i) Authorization of Appropriations.—There is authorized to be appropriated to the Secretary  
7           to carry out this section \$10,000,000 for fiscal year 2013 and each fiscal year thereafter, to  
8           remain available until expended.”.

## 9   **SEC. 7104. GRANTS AND FELLOWSHIPS FOR FOOD AND** 10 **AGRICULTURE SCIENCES EDUCATION.**

11       Section 1417(m) of the National Agricultural Research, Extension, and Teaching Policy Act of  
12       1977 (7 U.S.C. 3152(m)) is amended by striking “section \$60,000,000” and all that follows and  
13       inserting the following: “section—

14           “(1) \$60,000,000 for each of fiscal years 1990 through 2012; and

15           “(2) \$40,000,000 for each of fiscal years 2013 through 2017.”.

## 16 **SEC. 7105. AGRICULTURAL AND FOOD POLICY** 17 **RESEARCH CENTERS.**

18       Section 1419A of the National Agricultural Research, Extension, and Teaching Policy Act of  
19       1977 (7 U.S.C. 3155) is amended—

20           (1) in the section heading, by inserting “agricultural and food” before “policy”;

21           (2) in subsection (a), in the matter preceding paragraph (1)—

22               (A) by striking “Secretary may” and inserting “Secretary shall, acting through the  
23               Office of the Chief Economist,”; and

24               (B) by inserting “with a history of providing unbiased, nonpartisan economic  
25               analysis to Congress” after “subsection (b)”;

26           (3) in subsection (b), by striking “other research institutions” and all that follows through  
27           “shall be eligible” and inserting “other public research institutions and organizations shall  
28           be eligible”;

29           (4) in subsection (c)—

30               (A) in the matter preceding paragraph (1), by inserting “, with preference given to  
31               policy research centers having extensive databases, models, and demonstrated  
32               experience in providing Congress with agricultural market projections, rural  
33               development analysis, agricultural policy analysis, and baseline projections at the farm,  
34               multiregional, national, and international levels,” after “with this section”; and

35               (B) in paragraph (2) by inserting “applied” after “theoretical”; and

36           (5) by striking subsection (d) and inserting the following: “

1 “(d) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
2 section \$5,000,000 for fiscal year 2012 and each fiscal year thereafter.”.

3 **SEC. 7106. EDUCATION GRANTS TO ALASKA NATIVE**  
4 **SERVING INSTITUTIONS AND NATIVE HAWAIIAN**  
5 **SERVING INSTITUTIONS.**

6 **Section 1419B of the National Agricultural Research, Extension, and Teaching Policy**  
7 **Act of 1977 (7 U.S.C. 3156) is amended—**

8 **(1) in subsection (a)—**

9 **(A) in paragraph (1), by striking “(or grants without regard to any requirement**  
10 **for competition)”;** and

11 **(B) in paragraph (3), by striking “2012” and inserting “2017”;** and

12 **(2) in subsection (b)(1), by striking “(or grants without regard to any requirement**  
13 **for competition)”;** and

14 **(3) in paragraph (3), by striking “2012” and inserting “2017”.**

15 **SEC. 7107. NUTRITION EDUCATION PROGRAM.**

16 Section 1425(f) of the National Agricultural Research, Extension, and Teaching Policy Act of  
17 1977 (7 U.S.C. 3175(f)) is amended by striking “2012” and inserting “2017”.

18 **SEC. ~~7107~~ 7108. CONTINUING ANIMAL HEALTH AND**  
19 **DISEASE RESEARCH PROGRAMS.**

20 Section 1433 of the National Agricultural Research, Extension, and Teaching Policy Act of  
21 1977 (7 U.S.C. 3195) is amended by striking the section designation and heading and all that  
22 follows through subsection (a) and inserting the following:

23 **“SEC. 1433. APPROPRIATIONS FOR CONTINUING**  
24 **ANIMAL HEALTH AND DISEASE RESEARCH**  
25 **PROGRAMS.**

26 **“(a) Authorization of Appropriations.—**

27 **“(1) IN GENERAL.—**There are authorized to be appropriated to support continuing animal  
28 health and disease research programs at eligible institutions such sums as are necessary, but  
29 not to exceed \$25,000,000 for each of fiscal years 1991 through 2017.

30 **“(2) USE OF FUNDS.—**Funds made available under this section shall be used—

31 **“(A) to meet the expenses of conducting animal health and disease research,**  
32 **publishing and disseminating the results of such research, and contributing to the**  
33 **retirement of employees subject to the Act of March 4, 1940 (7 U.S.C. 331);**

34 **“(B) for administrative planning and direction; and**

1           “(C) to purchase equipment and supplies necessary for conducting research  
2           described in subparagraph (A).”.

3   **SEC. ~~7108~~ 7109. GRANTS TO UPGRADE AGRICULTURAL**  
4   **AND FOOD SCIENCES FACILITIES AT 1890**  
5   **LAND-GRANT COLLEGES, INCLUDING TUSKEGEE**  
6   **UNIVERSITY.**

7       Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of  
8       1977 (7 U.S.C. 3222b(b)) is amended by striking “2012” and inserting “2017”.

9   **SEC. ~~7109~~ 7110. GRANTS TO UPGRADE AGRICULTURAL**  
10   **AND FOOD SCIENCES FACILITIES AND EQUIPMENT AT**  
11   **INSULAR AREA LAND-GRANT INSTITUTIONS.**

12       Section 1447B(d) of the National Agricultural Research, Extension, and Teaching Policy Act  
13       of 1977 (7 U.S.C. 3222b–2(d)) is amended by striking “2012” and inserting “2017”.

14   **SEC. ~~7110~~ 7111. HISPANIC-SERVING INSTITUTIONS.**

15       Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of  
16       1977 (7 U.S.C. 3241(c)) is amended by striking “2012” and inserting “2017”.

17   **SEC. ~~7111~~ 7112. COMPETITIVE GRANTS FOR**  
18   **INTERNATIONAL AGRICULTURAL SCIENCE AND**  
19   **EDUCATION PROGRAMS.**

20       Section 1459A of the National Agricultural Research, Extension, and Teaching Policy Act of  
21       1977 (7 U.S.C. 3292b) is amended by striking subsection (c) and inserting the following: “

22       “(c) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
23       this section—

24           “(1) such sums as are necessary for each of fiscal years 1999 through 2012; and

25           “(2) \$5,000,000 for each of fiscal years 2013 through 2017.”.

26   **SEC. ~~7112~~ 7113. UNIVERSITY RESEARCH.**

27       Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of  
28       1977 (7 U.S.C. 3311) is amended in each of subsections (a) and (b) by striking “2012” each  
29       place it appears and inserting “2017”.

30   **SEC. ~~7113~~ 7114. EXTENSION SERVICE.**

31       Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of  
32       1977 (7 U.S.C. 3312) is amended by striking “2012” and inserting “2017”.

33   **SEC. ~~7114~~ 7115. SUPPLEMENTAL AND ALTERNATIVE**

1 **CROPS.**

2 (a) Authorization of Appropriations and Termination.—Section 1473D of the National  
3 Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d) is  
4 amended—

5 (1) in subsection (a), by striking “2012” and inserting “2017”; and

6 (2) by adding at the end the following:

7 “(e) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
8 this section—

9 “(1) such sums as are necessary for fiscal year 2012; and

10 “(2) \$1,000,000 for each of fiscal years 2013 through 2017.”.

11 (b) Competitive Grants.—Section 1473D(c)(1) of the National Agricultural Research,  
12 Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(1)) is amended by striking “use  
13 such research funding, special or competitive grants, or other means, as the Secretary  
14 determines,” and inserting “make competitive grants”.

15 **SEC. ~~7115~~ 7116. CAPACITY BUILDING GRANTS FOR**  
16 **NLGCA INSTITUTIONS.**

17 Section 1473F(b) of the National Agricultural Research, Extension, and Teaching Policy Act  
18 of 1977 (7 U.S.C. 3319i(b)) is amended by striking “2012” and inserting “2017”.

19 **SEC. ~~7116~~ 7117. AQUACULTURE ASSISTANCE**  
20 **PROGRAMS.**

21 (a) Competitive Grants.—Section 1475(b) of the National Agricultural Research, Extension,  
22 and Teaching Policy Act of 1977 (7 U.S.C. 3322(b)) is amended in the matter preceding  
23 paragraph (1) by inserting “competitive” before “grants”.

24 (b) Authorization of Appropriations.—Section 1477 of the National Agricultural Research,  
25 Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended to read as follows: “

26 **“SEC. 1477. AUTHORIZATION OF APPROPRIATIONS.**

27 “(a) In General.—There are authorized to be appropriated to carry out this subtitle—

28 “(1) \$7,500,000 for each of fiscal years 1991 through 2012; and

29 “(2) \$5,000,000 for each of fiscal years 2013 through 2017.

30 “(b) Prohibition on Use.—Funds made available under this section may not be used to acquire  
31 or construct a building.”.

32 **SEC. ~~7117~~ 7118. RANGELAND RESEARCH PROGRAMS.**

33 Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of  
34 1977 (7 U.S.C. 3336(a)) is amended by striking “subtitle” and all that follows and inserting the  
35 following: “subtitle—

1 “(1) \$10,000,000 for each of fiscal years 1991 through 2012; and

2 “(2) \$2,000,000 for each of fiscal years 2013 through 2017.”.

3 **SEC. ~~7118~~ 7119. SPECIAL AUTHORIZATION FOR**  
4 **BIOSECURITY PLANNING AND RESPONSE.**

5 Section 1484(a) of the National Agricultural Research, Extension, and Teaching Policy Act of  
6 1977 (7 U.S.C. 3351(a)) is amended by striking “response such sums as are necessary” and all  
7 that follows and inserting the following: “response—

8 “(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

9 “(2) \$20,000,000 for each of fiscal years 2013 through 2017.”.

10 **SEC. ~~7119~~ 7120. DISTANCE EDUCATION AND RESIDENT**  
11 **INSTRUCTION GRANTS PROGRAM FOR INSULAR AREA**  
12 **INSTITUTIONS OF HIGHER EDUCATION.**

13 (a) Distance Education Grants for Insular Areas.—

14 (1) COMPETITIVE GRANTS.—Section 1490(a) of the National Agricultural Research,  
15 Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(a)) is amended by striking “or  
16 noncompetitive”.

17 (2) AUTHORIZATION OF APPROPRIATIONS.—Section 1490(f) of the National Agricultural  
18 Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3362(f)) is amended by  
19 striking “section” and all that follows and inserting the following: “section—

20 “(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

21 “(2) \$2,000,000 for each of fiscal years 2013 through 2017.”.

22 (b) Resident Instruction Grants for Insular Areas.—Section 1491(c) of the National  
23 Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3363(c)) is  
24 amended by striking “such sums as are necessary” and all that follows and inserting the  
25 following: “to carry out this section—

26 “(1) such sums as are necessary for each of fiscal years 2002 through 2012; and

27 “(2) \$2,000,000 for each of fiscal years 2013 through 2017.”.

28 **Subtitle B—Food, Agriculture, Conservation, and Trade Act of**  
29 **1990**

30 **SEC. 7201. BEST UTILIZATION OF BIOLOGICAL**  
31 **APPLICATIONS.**

32 Section 1624 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5814)  
33 is amended—

34 (1) by striking “\$40,000,000 for each fiscal year”; and

1 (2) by inserting “\$40,000,000 for each of fiscal years 2012 through 2017” after “chapter”.

## 2 **SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.**

3 Section 1627 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5821)  
4 is amended by striking subsection (d) and inserting the following:

5 “(d) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
6 section through the National Institute of Food and Agriculture \$20,000,000 for each of fiscal  
7 years 2012 through 2017.”.

## 8 **SEC. 7203. SUSTAINABLE AGRICULTURE** 9 **TECHNOLOGY DEVELOPMENT AND TRANSFER** 10 **PROGRAM.**

11 Section 1628 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5831)  
12 is amended by striking subsection (f) and inserting the following:

13 “(f) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
14 this section such sums as are necessary for each of fiscal years 2012 through 2017.”.

## 15 **SEC. 7204. NATIONAL TRAINING PROGRAM.**

16 Section 1629 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5832)  
17 is amended by striking subsection (i) and inserting the following:

18 “(i) Authorization of Appropriations.—There is authorized to be appropriated to carry out the  
19 National Training Program \$20,000,000 for each of fiscal years 2012 through 2017.”.

## 20 **SEC. 7205. NATIONAL GENETICS RESOURCES** 21 **PROGRAM.**

22 Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
23 5844(b)) is amended—

24 (1) by striking “such funds as may be necessary”; and

25 (2) by striking “subtitle” and all that follows and inserting the following: “subtitle—

26 “(1) such sums as are necessary for each of fiscal years 1991 through 2012; and

27 “(2) \$1,000,000 for each of fiscal years 2013 through 2017.”.

## 28 **SEC. 7206. NATIONAL AGRICULTURAL WEATHER** 29 **INFORMATION SYSTEM.**

30 Section 1641(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
31 5855(c)) is amended by inserting “and \$1,000,000 for each of fiscal years 2013 through 2017”  
32 before the period at the end.

## 33 **SEC. 7207. HIGH-PRIORITY RESEARCH AND**

## EXTENSION INITIATIVES.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) in the first sentence of subsection (a), by striking “subsections (e) through (i) of”;

(2) in subsection (b)(2)—

(A) by striking the first sentence and inserting the following:

“(A) IN GENERAL.—To facilitate the making of research and extension grants under subsection (d), the Secretary may appoint a task force to make recommendations to the Secretary.”; and

(B) in the second sentence, by striking “The Secretary may not incur costs in excess of \$1,000 for any fiscal year in connection with each” and inserting the following:

“(B) COSTS.—The Secretary may not incur costs in excess of \$1,000 for any fiscal year in connection with a”;

(3) in subsection (e)—

(A) by striking paragraphs (1) through (5), (7), (8), (11) through (39), (41) through (43), ~~(45) through (49)~~, **(47)**, **(48)**, (51), and (52); and

(B) by redesignating paragraphs (6), (9), (10), (40), (44), **(45)**, **(46)**, **(49)**, and (50) as paragraphs (1), (2), (3), (4), (5), ~~and~~ **(6)**, **(7)**, **(8)**, and **(9)**, respectively;

(4) by striking subsections (f), (g), and (i);

(5) by inserting after subsection (e) the following:

“(f) Pulse Health Initiative.—

“(1) DEFINITIONS.—In this subsection;

“(A) INITIATIVE.—The term ‘Initiative’ means the pulse health initiative established by paragraph (2).

“(B) PULSE.—The term ‘pulse’ means dry beans, dry peas, lentils, and chickpeas or garbanzo beans.

“(2) ESTABLISHMENT.—Notwithstanding any other provision of law, during the period beginning on the date of enactment of the        **Agriculture Reform, Food, and Jobs Act** of 2012 and ending on September 30, 2017, the Secretary shall carry out a pulse crop health and extension initiative to address the critical needs of the pulse crop industry by developing and disseminating science-based tools and information, including—

“(A) research in health and nutrition, such as—

“(i) identifying global dietary patterns of pulse crops in relation to population health;

“(ii) researching pulse crop diets and the ability of the diets to reduce obesity and associated chronic disease (including cardiovascular disease, type 2 diabetes, and cancer); and

- 1                   “(iii) identifying the underlying mechanisms of the health benefits of pulse crop  
2                   consumption (including disease biomarkers, bioactive components, and relevant  
3                   plant genetic components to enhance the health promoting value of pulse crops);  
4                   “(B) research in functionality, such as—  
5                   “(i) improving the functional properties of pulse crops and pulse fractions;  
6                   “(ii) developing new and innovative technologies to improve pulse crops as an  
7                   ingredient in food products; and  
8                   “(iii) developing nutrient-dense food product solutions to ameliorate chronic  
9                   disease and enhance food security worldwide;  
10                  “(C) research in sustainability to enhance global food security, such as—  
11                  “(i) plant breeding, genetics and genomics to improve productivity, nutrient  
12                  density, and phytonutrient content for a growing world population;  
13                  “(ii) pest and disease management, including resistance to pests and diseases  
14                  resulting in reduced application management strategies; and  
15                  “(iii) improving nitrogen fixation to reduce the carbon and energy footprint of  
16                  agriculture;  
17                  “(D) optimizing pulse cropping systems to reduce water usage; and  
18                  “(E) education and technical service, such as—  
19                  “(i) providing technical expertise to help food companies include  
20                  nutrient-dense pulse crops in innovative and healthy foods; and  
21                  “(ii) establishing an educational program to encourage the consumption and  
22                  production of pulse crops in the United States and other countries.  
23                  “(3) ELIGIBLE ENTITIES.—The Secretary may carry out the Initiative through—  
24                  “(A) Federal agencies, including the Agricultural Research Service and the National  
25                  Institute of Food and Agriculture;  
26                  “(B) National Laboratories;  
27                  “(C) institutions of higher education;  
28                  “(D) research institutions or organizations;  
29                  “(E) private organizations or corporations;  
30                  “(F) State agricultural experiment stations;  
31                  “(G) individuals; or  
32                  “(H) groups consisting of 2 or more entities or individuals described in  
33                  subparagraphs (A) through (G).  
34                  “(4) RESEARCH PROJECT GRANTS.—  
35                  “(A) IN GENERAL.—In carrying out this subsection, the Secretary shall award grants  
36                  on a competitive basis.

1 “(B) IN GENERAL.—The Secretary shall—

2 “(i) seek and accept proposals for grants;

3 “(ii) determine the relevance and merit of proposals through a system of peer  
4 review, in consultation with the pulse crop industry; and

5 “(iii) award grants on the basis of merit, quality, and relevance.

6 “(C) PRIORITIES.—In making grants under this subsection, the Secretary shall  
7 provide a higher priority to projects that—

8 “(i) are multistate, multiinstitutional, and multidisciplinary; and

9 “(ii) include explicit mechanisms to communicate results to the pulse crop  
10 industry and the public.

11 “(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
12 carry out this subsection \$25,000,000 for each of fiscal years 2013 through 2017.

13 “(g) Training Coordination for Food and Agriculture Protection.—

14 “(1) IN GENERAL.—The Secretary shall make grants and enter into contracts or  
15 cooperative agreements with eligible entities described in paragraph (2) for the purposes of  
16 establishing a Comprehensive Food Safety Training Network.

17 “(2) ELIGIBILITY.—

18 “(A) IN GENERAL.—For purposes of this subsection, an eligible entity is a  
19 multiinstitutional consortium that includes—

20 “(i) a nonprofit institution that provides administering food protection training;  
21 and

22 “(ii) 1 or more training centers in institutions of higher education that have  
23 demonstrated expertise in developing and delivering community-based training in  
24 food and agricultural safety and defense.

25 “(B) REQUIREMENTS.—To ensure that coordination and administration is provided  
26 across all the disciplines and provide comprehensive food protection training, the  
27 Secretary may only consider an entire consortium collectively rather than on an  
28 institution-by-institution basis.

29 “(C) MEMBERSHIP.—An eligible entity may alter the consortium membership to  
30 meet specific training expertise needs.

31 “(3) DUTIES OF ELIGIBLE ENTITY.—As a condition of the receipt of assistance under this  
32 subsection, an eligible entity, in cooperation with the Secretary, shall establish and maintain  
33 the network for an internationally integrated training system to enhance protection of the  
34 United States food supply, including, at a minimum—

35 “(A) developing curricula and a training network to provide basic, technical,  
36 management, and leadership training to regulatory and public health officials,  
37 producers, processors, and other agrifood businesses;

38 “(B) serving as the hub for the administration of an open training network;

1           “(C) implementing standards to ensure the delivery of quality training through a  
2           national curricula;

3           “(D) building and overseeing a nationally recognized instructor cadre to ensure the  
4           availability of highly qualified instructors;

5           “(E) reviewing training proposed through the National Institute of Food and  
6           Agriculture and other relevant Federal agencies that report to the Secretary on the  
7           quality and content of proposed and existing courses;

8           “(F) assisting Federal agencies in the implementation of food protection training  
9           requirements including requirements contained in the ~~\_\_\_\_\_~~**Agriculture Reform,**  
10          **Food, and Jobs** Act of 2012, the FDA Food Safety Modernization Act (Public Law  
11          111–353; 124 Stat. 3885), and amendments made by those Acts; and

12          “(G) performing evaluation and outcome-based studies to provide to the Secretary  
13          feedback on the effectiveness and impact of training and metrics on jurisdictions and  
14          sectors within the food safety system.

15          “(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to  
16          carry out this section \$20,000,000 for each of fiscal years 2013 through 2017, to remain  
17          available until expended.”;

18          (6) in subsection (h), by striking “2012” each place it appears and inserting “2017”;

19          (7) by redesignating subsection (j) as subsection (i); and

20          (8) in subsection (i) (as so redesignated), by striking “2012” and inserting “2017”.

## 21   **SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND** 22   **EXTENSION INITIATIVE.**

23          Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
24          5925b) is amended—

25          (1) in subsection (a)—

26                  (A) in the matter preceding paragraph (1), by inserting “, education,” after “support  
27                  research”;

28                  (B) in paragraph (1), by inserting “and improvement” after “development”;

29                  (C) in paragraph (2), by striking “to producers and processors who use organic  
30                  methods” and inserting “of organic agricultural production and methods to producers,  
31                  processors, and rural communities”;

32                  (D) in paragraph (5), by inserting “and researching solutions to” after “identifying”;  
33                  and

34                  (E) in paragraph (6), by striking “and marketing” and inserting “, marketing, and  
35                  food safety”;

36          (2) by striking subsection (e);

37          (3) by redesignating subsection (f) as subsection (e); and

1 (4) in subsection (e) (as so redesignated)—

2 (A) in paragraph (1)—

3 (i) in subparagraph (A), by striking “and” at the end;

4 (ii) in subparagraph (B), by striking the period at the end and inserting “; and”;  
5 and

6 (iii) by adding at the end the following:

7 “(C) \$16,000,000 for each of fiscal years 2013 through 2017.”; and

8 (B) in paragraph (2), by striking “2012” and inserting “2017”.

## 9 **SEC. 7209. FARM BUSINESS MANAGEMENT.**

10 Section 1672D(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
11 5925f(d)) is amended by striking “such sums as are necessary to carry out this section.” and  
12 inserting the following: “to carry out this section—

13 “(1) such sums as are necessary for fiscal year 2012; and

14 “(2) \$5,000,000 for each of fiscal years 2013 through 2017.”.

## 15 **SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

16 Subtitle H of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by  
17 inserting after section 1672D (7 U.S.C. 5925) the following:

### 18 **“SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

19 “(a) Establishment.—The Secretary may prioritize regional centers of excellence established  
20 for specific agricultural commodities for the receipt of funding.

21 “(b) Composition.—A regional center of excellence shall be composed of 1 or more colleges  
22 and universities (including land-grant institutions, schools of forestry, schools of veterinary  
23 medicine, or NLGCA Institutions (as defined in section 1404 of the National Agricultural  
24 Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103))) that provide financial  
25 support to the regional center of excellence.

26 “(c) Criteria for Regional Centers of Excellence.—The criteria for consideration to be a  
27 regional center of excellence shall include efforts—

28 “(1) to ensure coordination and cost-effectiveness by reducing unnecessarily duplicative  
29 efforts regarding research, teaching, and extension;

30 “(2) to leverage available resources by using public/private partnerships among  
31 agricultural industry groups, institutions of higher education, and the Federal Government;

32 “(3) to implement teaching initiatives to increase awareness and effectively disseminate  
33 solutions to target audiences through extension activities;

34 “(4) to increase the economic returns to rural communities by identifying, attracting, and  
35 directing funds to high-priority agricultural issues; and

36 “(5) to improve teaching capacity and infrastructure at colleges and universities

1 (including land-grant institutions, schools of forestry, and schools of veterinary medicine,  
2 and NLGCA ~~Institutions~~).”.

3 **Institutions).**

4 **“(d) Authorization of Appropriations.—There is authorized to be appropriated to carry**  
5 **out this section \$10,000,000 for each of fiscal years 2013 through 2017.”.**

6 **SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR**  
7 **FARMERS WITH DISABILITIES.**

8 Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
9 5933(c)(1)) is amended—

10 (1) by striking “is” and inserting “are”; and

11 (2) by striking “section” and all that follows and inserting the following: “section—

12 “(A) \$6,000,000 for each of fiscal years 1999 through 2012; and

13 “(B) \$5,000,000 for each of fiscal years 2013 through 2017.”.

14 **SEC. 7212. NATIONAL RURAL INFORMATION CENTER**  
15 **CLEARINGHOUSE.**

16 Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
17 3125b(e)) is amended by striking “2012” and inserting “2017”.

18 **Subtitle C—Agricultural Research, Extension, and Education**  
19 **Reform Act of 1998**

20 **SEC. 7301. RELEVANCE AND MERIT OF**  
21 **AGRICULTURAL RESEARCH, EXTENSION, AND**  
22 **EDUCATION FUNDED BY THE DEPARTMENT.**

23 Section 103(a)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998  
24 (7 U.S.C. 7613(a)(2)) is amended—

25 (1) by striking the paragraph designation and heading and inserting the following:

26 “(2) RELEVANCE AND MERIT REVIEW OF RESEARCH, EXTENSION, AND EDUCATION  
27 GRANTS.—”;

28 (2) in subparagraph (A)—

29 (A) by inserting “relevance and” before “merit”; and

30 (B) by striking “extension or education” and inserting, “research, extension, or  
31 education”; and

32 (3) in subparagraph (B) by inserting “on a continuous basis” after “procedures”.

33 **SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND**

1 **EXTENSION COMPETITIVE GRANTS PROGRAM.**

2 Section 406(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7  
3 U.S.C. 7626(f)) is amended by striking “2012” and inserting “2017”.

4 **SEC. 7303. SUPPORT FOR RESEARCH REGARDING**  
5 **DISEASES OF WHEAT, TRITICALE, AND BARLEY**  
6 **CAUSED BY FUSARIUM GRAMINEARUM OR BY**  
7 **TILLETIA INDICA.**

8 Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of  
9 1998 (7 U.S.C. 7628(e)) is amended by striking “such sums as may be necessary for each of  
10 fiscal years 1999 through 2012” and inserting “\$10,000,000 for each of fiscal years 2013  
11 through 2017”.

12 **SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.**

13 Section 410(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7  
14 U.S.C. 7630(d)) is amended by striking “section such sums as are necessary” and all that follows  
15 and inserting the following: “section—

16 “(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

17 “(2) \$3,000,000 for each of fiscal years 2013 through 2017.”.

18 **SEC. ~~7304~~ 7305. SPECIALTY CROP RESEARCH**  
19 **INITIATIVE.**

20 Section 412 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7  
21 U.S.C. 7632) is amended—

22 (1) in subsection (b)(3), by inserting “handling and processing,” after “production  
23 efficiency,”;

24 (2) in subsection (e)—

25 (A) in paragraph (1)—

26 (i) in subparagraph (B), by striking “and” at the end;

27 (ii) in subparagraph (C), by striking the period at the end and inserting “; and”;  
28 and

29 (iii) by inserting after subparagraph (C) the following:

30 “(D) consult with the specialty crops committee authorized under section 1408A of  
31 the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7  
32 U.S.C. 3123a) ~~before issuing awards.~~ **during the peer and merit review process.**”;  
33 and

34 (B) in paragraph (3), by striking “non-Federal” and all that follows through the end  
35 of the paragraph and inserting “other sources in an amount that is at least equal to the

1 amount provided by a grant received under this section.”; and  
2 (3) in subsection (h)—  
3 (A) in paragraph (1)—  
4 (i) by striking “(1) IN GENERAL.—Of the funds” and inserting the following:  
5 “(1) MANDATORY FUNDING.—  
6 “(A) IN GENERAL.—Of the funds”; and  
7 (ii) by adding at the end the following:  
8 “(B) SUBSEQUENT FUNDING.—Of the funds of the Commodity Credit Corporation,  
9 the Secretary shall make available to carry out this section—  
10 “(i) \$25,000,000 for fiscal year 2013;  
11 “(ii) \$30,000,000 for each of fiscal years 2014 and 2015;  
12 “(iii) \$65,000,000 for fiscal year 2016; and  
13 “(iv) \$50,000,000 for fiscal year 2017 and each fiscal year thereafter.”; and  
14 (B) in paragraph (2), by striking “2012” and inserting “2017”.

15 **SEC. ~~7305~~ 7306. FOOD ANIMAL RESIDUE AVOIDANCE**  
16 **DATABASE PROGRAM.**

17 Section 604(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7  
18 U.S.C. 7642(e)) is amended by striking “2012” and inserting “2017”.

19 **SEC. ~~7306~~ 7307. OFFICE OF PEST MANAGEMENT**  
20 **POLICY.**

21 Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7  
22 U.S.C. 7653(f)) is amended—

23 (1) by striking “such sums as are necessary”; and  
24 (2) by striking “section” and all that follows and inserting the following: “section—  
25 “(1) such sums as are necessary for each of fiscal years 1999 through 2012; and  
26 “(2) \$3,000,000 for each of fiscal years 2013 through 2017.”.

27 **SEC. 7308. AUTHORIZATION OF REGIONAL**  
28 **INTEGRATED PEST MANAGEMENT CENTERS.**

29 Subtitle B of title VI of the Agricultural Research, Extension, and Education Reform Act  
30 of 1998 (7 U.S.C. 7651 et seq.) is amended by adding at the end the following:

31 **“SEC. 621. AUTHORIZATION OF REGIONAL**  
32 **INTEGRATED PEST MANAGEMENT CENTERS.**

1       “(a) **In General.**—There are established 4 regional integrated pest management centers  
2 (referred to in this section as the ‘Centers’), which shall be located at such specific locations  
3 in the north central, northeastern, southern, and western regions of the United States as the  
4 Secretary shall specify.

5       “(b) **Purposes.**—The purposes of the Centers shall be—

6           “(1) to strengthen the connection of the Department with production agriculture,  
7 research, and extension programs, and agricultural stakeholders throughout the  
8 United States;

9           “(2) to increase the effectiveness of providing pest management solutions for the  
10 private and public sectors;

11           “(3) to quickly respond to information needs of the public and private sectors; and

12           “(4) to improve communication among the relevant stakeholders.

13       “(c) **Duties.**—In meeting the purposes described in subsection (b) and otherwise carrying  
14 out this section, the Centers shall—

15           “(1) develop regional strategies to address pest management needs;

16           “(2) assist the Department and partner institutions of the Department in identifying,  
17 prioritizing, and coordinating a national pest management research, extension, and  
18 education program implemented on a regional basis;

19           “(3) establish a national pest management communication network that includes—

20                   “(A) the agencies of the Department and other government agencies;

21                   “(B) scientists at institutions of higher education; and

22                   “(C) stakeholders focusing on pest management issues;

23           “(4) serve as regional hubs responsible for ensuring efficient access to pest  
24 management expertise and data available through institutions of higher education;  
25 and

26           “(5) on behalf of the Department, manage grants that can be most effectively and  
27 efficiently delivered at the regional level, as determined by the Secretary.”.

## 28 Subtitle D—Other Laws

### 29 SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.

30       Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended—

31           (1) by striking “such sums as are necessary”; and

32           (2) by striking “Act” and all that follows and inserting the following: “Act—

33                   “(1) such sums as are necessary for each of fiscal years 1991 through 2012; and

34                   “(2) \$2,000,000 for each of fiscal years 2013 through 2017.”.

### 35 SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT

1 **STATUS ACT OF 1994.**

2 (a) Definition of 1994 Institutions.—Section 532 of the Equity in Educational Land-Grant  
3 Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended to read as follows:

4 **“SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

5 “In this part, the term ‘1994 Institutions’ means any 1 of the following:

- 6 “(1) Aaniiih Nakoda College.  
7 “(2) Bay Mills Community College.  
8 “(3) Blackfeet Community College.  
9 “(4) Cankdeska Cikana Community College.  
10 “(5) Chief Dull Knife Memorial College.  
11 “(6) College of Menominee Nation.  
12 “(7) College of the Muscogee Nation.  
13 “(8) Comanche Nation College.  
14 “(9) D-Q University.  
15 “(10) Dine College.  
16 “(11) Fond du Lac Tribal and Community College.  
17 “(12) Fort Berthold Community College.  
18 “(13) Fort Peck Community College.  
19 “(14) Haskell Indian Nations University.  
20 “(15) Ilisagvik College.  
21 “(16) Institute of American Indian and Alaska Native Culture and Arts Development.  
22 “(17) Keweenaw Bay Ojibwa Community College.  
23 “(18) Lac Courte Oreilles Ojibwa Community College.  
24 “(19) Leech Lake Tribal College.  
25 “(20) Little Big Horn College.  
26 “(21) Little Priest Tribal College.  
27 “(22) Navajo Technical College.  
28 “(23) Nebraska Indian Community College.  
29 “(24) Northwest Indian College.  
30 “(25) Oglala Lakota College.  
31 “(26) Saginaw Chippewa Tribal College.  
32 “(27) Salish Kootenai College.

- 1           “(28) Sinte Gleska University.  
2           “(29) Sisseton Wahpeton College.  
3           “(30) Sitting Bull College.  
4           “(31) Southwestern Indian Polytechnic Institute.  
5           “(32) Stone Child College.  
6           “(33) Tohono O’odham Community College.  
7           “(34) Turtle Mountain Community College.  
8           “(35) United Tribes Technical College.  
9           “(36) White Earth Tribal and Community College.”.

10       (b) Endowment for 1994 Institutions.—

11           (1) IN GENERAL.—Section 533 of the Equity in Educational Land-Grant Status Act of  
12           1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

13                   (A) in subsection (a)(2)(A)(ii), by striking “of such Act as added by section  
14                   534(b)(1) of this part” and inserting “of that Act (7 U.S.C. 343(b)(3)) and for programs  
15                   for children, youth, and families at risk and for Federally recognized tribes  
16                   implemented under section 3(d) of that Act (7 U.S.C. 343(d))”; and

17                   (B) in subsection (b), in the first sentence by striking “2012” and inserting “2017”.

18           (2) CONFORMING AMENDMENT.—Section 3(d) of the Smith-Lever Act (7 U.S.C. 343(d))  
19           is amended in the second sentence by inserting “and, in the case of programs for children,  
20           youth, and families at risk and for Federally recognized tribes, the 1994 Institutions (as  
21           defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7  
22           U.S.C. 301 note; Public Law 103–382)),” before “may compete for”.

23       (c) Institutional Capacity Building Grants.—Section 535 of the Equity in Educational  
24       Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking  
25       “2012” each place it appears in subsections (b)(1) and (c) and inserting “2017”.

26       (d) Research Grants.—

27           (1) AUTHORIZATION OF APPROPRIATIONS.—Section 536(c) of the Equity in Educational  
28           Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended in the  
29           first sentence by striking “2012” and inserting “2017”.

30           (2) RESEARCH GRANT REQUIREMENTS.—Section 536(b) of the Equity in Educational  
31           Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by  
32           striking “with at least 1 other land-grant college or university” and all that follows and  
33           inserting the following: “with— “

34                   “(1) the Agricultural Research Service of the Department of Agriculture; or

35                   “(2) at least 1—

36                           “(A) other land-grant college or university (exclusive of another 1994 Institution);

37                           “(B) non-land-grant college of agriculture (as defined in section 1404 of the

1 National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
2 3103)); or

3 “(C) cooperating forestry school (as defined in that section).”.

4 (e) Effective Date.—The amendments made by subsections (a), (b), and (d)(2) take effect on  
5 October 1, 2012.

## 6 **SEC. 7403. RESEARCH FACILITIES ACT.**

7 Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking “2012”  
8 and inserting “2017”.

## 9 **SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES** 10 **RESEARCH GRANT ACT.**

11 Section 2 of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i) is  
12 amended—

13 (1) in subsection (b)(11)(A), in the matter preceding clause (i), by striking “2012” and  
14 inserting “2017”; and

15 (2) by adding at the end the following:

16 “(l) Streamlining Grant Application Process.—Not later than 1 year after the date of enactment  
17 of this subsection, the Secretary shall submit to Congress a report that includes—

18 “(1) an analysis of barriers that exist in the competitive grants process administered by  
19 the National Institute of Food and Agriculture that prevent eligible institutions and  
20 organizations with limited institutional capacity from successfully applying and competing  
21 for competitive grants; and

22 “(2) specific recommendations for future steps that the Department can take to streamline  
23 the competitive grants application process so as to remove the barriers and increase the  
24 success rates of applicants described in paragraph (1).”.

## 25 **SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT** 26 **PROGRAM UNDER DEPARTMENT OF AGRICULTURE** 27 **REORGANIZATION ACT OF 1994.**

28 Section 308(b)(6) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C.  
29 3125a note; Public Law 103–354) is amended by striking subparagraph (A) and inserting the  
30 following:

31 “(A) on September 30, 2017; or”.

## 32 **SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT** 33 **OF 1978.**

34 (a) Authorization of Appropriations.—Section 6 of the Renewable Resources Extension Act of  
35 1978 (16 U.S.C. 1675) is amended in the first sentence by striking “2012” and inserting “2017”.

1 (b) Termination Date.—Section 8 of the Renewable Resources Extension Act of 1978 (16  
2 U.S.C. 1671 note; Public Law 95–306) is amended by striking “2012” and inserting “2017”.

### 3 SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.

4 Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking  
5 “2012” each place it appears and inserting “2017”.

### 6 SEC. 7408. BEGINNING FARMER AND RANCHER 7 DEVELOPMENT PROGRAM UNDER FARM SECURITY 8 AND RURAL INVESTMENT ACT OF 2002.

9 Section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3319f) is  
10 amended—

11 (1) in subsection (c)(8)—

12 (A) in subparagraph (B), by striking “and” at the end;

13 (B) in subparagraph (C), by striking the period at the end and inserting “; and”; and

14 (C) by adding at the end the following:

15 “(D) beginning farmers and ranchers who are veterans (as defined in section 101 of  
16 title 38, United States Code).”; and

17 (2) in subsection ~~(h)~~(h)—

18 (A) in paragraph (1)—

19 ~~(A)~~(i) in subparagraph (A), by striking “and” at the end;

20 ~~(B)~~(ii) in subparagraph (B), by striking the period at the end and inserting “;  
21 and”; and

22 ~~(C)~~(iii) by adding at the end the following:

23 “(C) \$50,000,000 for fiscal year 2013, to remain available until expended.”; and

24 (B) in paragraph (2), by striking “2012” and inserting “2017”.-

## 25 26 Subtitle E—Food, Conservation, and Energy Act of 2008

### 27 PART I—AGRICULTURAL SECURITY

#### 28 SEC. 7501. AGRICULTURAL BIOSECURITY 29 COMMUNICATION CENTER.

30 Section 14112 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8912) is amended  
31 by striking subsection (c) and inserting the following:

32 “(c) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
33 this section—

1 “(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

2 “(2) \$2,000,000 for each of fiscal years 2013 through 2017.”.

3 **SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN**  
4 **AGRICULTURAL BIOSECURITY PLANNING,**  
5 **PREPARATION, AND RESPONSE.**

6 Section 14113 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8913) is  
7 amended—

8 (1) in subsection (a)(2)—

9 (A) by striking “such sums as may be necessary”; and

10 (B) by striking “subsection” and all that follows and inserting the following:

11 “subsection—

12 “(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

13 “(2) \$15,000,000 for each of fiscal years 2013 through 2017.”; and

14 (2) in subsection (b)(2), by striking “is authorized to be appropriated to carry out this  
15 subsection” and all that follows and inserting the following: “are authorized to be  
16 appropriated to carry out this subsection—

17 “(1) \$25,000,000 for each of fiscal years 2008 through 2012; and

18 “(2) \$15,000,000 for each of fiscal years 2013 through 2017.”.

19 **SEC. 7503. RESEARCH AND DEVELOPMENT OF**  
20 **AGRICULTURAL COUNTERMEASURES.**

21 Section 14121(b) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8921(b)) is  
22 amended by striking “is authorized to be appropriated to carry out this section” and all that  
23 follows and inserting the following: “are authorized to be appropriated to carry out this section—

24 “(1) \$50,000,000 for each of fiscal years 2008 through 2012; and

25 “(2) \$15,000,000 for each of fiscal years 2013 through 2017.”.

26 **SEC. 7504. AGRICULTURAL BIOSECURITY GRANT**  
27 **PROGRAM.**

28 Section 14122(e) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8922(e)) is  
29 amended—

30 (1) by striking “such sums as are necessary”; and

31 (2) by striking “section” and all that follows and inserting the following: “section—

32 “(1) such sums as are necessary for each of fiscal years 2008 through 2012, to remain  
33 available until expended; and

34 “(2) \$5,000,000 for each of fiscal years 2013 through 2017, to remain available until

1 expended.”.

## 2 PART II—MISCELLANEOUS

### 3 SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.

4 Section 7502 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 112  
5 Stat. 2019) is amended by striking “for the 5-year period beginning on the date of enactment of  
6 this Act” and inserting “until September 30, 2017”.

### 7 SEC. 7512. BUDGET SUBMISSION AND FUNDING.

8 Section 7506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7614c) is  
9 amended—

10 (1) in subsection (a)—

11 (A) by striking “(a) Definition of Competitive Programs.—In this section, the term”;  
12 and inserting the following:

13 “(a) Definitions.—In this section:

14 “(1) COMPETITIVE PROGRAMS.—The term”; and

15 (B) by adding at the end the following:

16 “(2) COVERED PROGRAM.—The term ‘covered program’ means—

17 “(A) each research program carried out by the Agricultural Research Service or the  
18 Economic Research Service for which annual appropriations are requested in the  
19 annual budget submission of the President; and

20 “(B) each competitive program (as defined in section 251(f)(1) of the Department of  
21 Agriculture Reorganization Act of 1994 (7 U.S.C. 6971(f)(1))) carried out by the  
22 National Institute of Food and Agriculture for which annual appropriations are  
23 requested in the annual budget submission of the President.

24 “(3) REQUEST FOR AWARDS.—The term ‘request for awards’ means a funding  
25 announcement published by the National Institute of Food and Agriculture that provides  
26 detailed information on funding opportunities at the Institute, including the purpose,  
27 eligibility, restriction, focus areas, evaluation criteria, regulatory information, and  
28 instructions on how to apply for such opportunities.”; and

29 (2) by adding at the end the following:

30 “(e) Additional Presidential Budget Submission Requirement.—

31 “(1) IN GENERAL.—Each year, the President shall submit to Congress, together with the  
32 annual budget submission of the President, the information described in paragraph (2) for  
33 each funding request for a covered program.

34 “(2) INFORMATION DESCRIBED.—The information described in this paragraph includes—

35 “(A) baseline information, including with respect to each covered program—

36 “(i) the funding level for the program for the fiscal year preceding the year the

1 annual budget submission of the President is submitted;

2 “(ii) the funding level requested in the annual budget submission of the  
3 President, including any increase or decrease in the funding level; and

4 “(iii) an explanation justifying any change from the funding level specified in  
5 clause (i) to the level specified in clause (ii);

6 “(B) with respect to each covered program that is carried out by the Economic  
7 Research Service or the Agricultural Research Service, the location and staff years of  
8 the program;

9 “(C) the proposed funding levels to be allocated to, and the expected publication  
10 date, scope, and allocation level for, each request for awards to be published under—

11 “(i) each priority area specified in section 2(b)(2) of the Competitive, Special,  
12 and Facilities Research Grant Act (7 U.S.C. 450i(b)(2));

13 “(ii) each research and extension project carried out under section 1621(a) of  
14 the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5811(a));

15 “(iii) each grant awarded under section 1672B(a) of the Food, Agriculture,  
16 Conservation, and Trade Act of 1990 (7 U.S.C. 5925b(a));

17 “(iv) each grant awarded under section 412(b) of the Agricultural Research,  
18 Extension, and Education Reform Act of 1998 (7 U.S.C. 7632(b)); and

19 “(v) each grant awarded under 7405(c)(1) of the Farm Security and Rural  
20 Investment Act of 2002 (7 U.S.C. 3319f(c)(1)); or

21 “(D) any other information the Secretary determines will increase congressional  
22 oversight with respect to covered programs.

23 “(3) PROHIBITION.—Unless the President submits the information described in paragraph  
24 (2)(C) for a fiscal year, the President may not carry out any program during the fiscal year  
25 that is authorized under—

26 “(A) section 2(b) of the Competitive, Special, and Facilities Research Grant Act (7  
27 U.S.C. 450i(b));

28 “(B) section 1621 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7  
29 U.S.C. 5811);

30 “(C) section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990  
31 (7 U.S.C. 5925b);

32 “(D) section 411 of the Agricultural Research, Extension, and Education Reform  
33 Act of 1998 (7 U.S.C. 7631); or

34 “(E) section 7405 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C.  
35 3319f).

36 “(f) Report of the Secretary of Agriculture.—Each year on a date that is not later than the date  
37 on which the President submits the annual budget submission, the Secretary shall submit to  
38 Congress a report containing a description of the agricultural research, extension, and education  
39 activities carried out by the Federal Government during the fiscal year that immediately precedes

1 the year for which the report is submitted, including—  
2 “(1) a review of the extent to which those activities—  
3 “(A) are duplicative or overlap within the Department of Agriculture; or  
4 “(B) are similar to activities carried out by—  
5 “(i) other Federal agencies;  
6 “(ii) the States (including the District of Columbia, the Commonwealth of  
7 Puerto Rico and other territories or possessions of the United States);  
8 “(iii) institutions of higher education (as defined in section 101 of the Higher  
9 Education Act of 1965 (20 U.S.C. 1001)); or  
10 “(iv) the private sector; and  
11 “(2) for each report submitted under this section on or after January 1, 2013, a 5-year  
12 projection of national priorities with respect to agricultural research, extension, and  
13 education, taking into account both domestic and international needs.”.

## 14 SEC. 7513. NATURAL PRODUCTS RESEARCH 15 PROGRAM.

16 Section 7525 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 5937) is amended  
17 by striking subsection (e) and inserting the following:

18 “(e) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
19 section \$7,000,000 for each of fiscal years 2013 through 2017.”.

## 20 SEC. 7514. SUN GRANT PROGRAM.

21 (a) In General.—Section 7526 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C.  
22 8114) is amended—

23 (1) in subsection (a)(4)(B), by striking “the Department of Energy” and inserting “other  
24 appropriate Federal agencies (as determined by the Secretary)”;

25 (2) in subsection (b)(1)—

26 (A) in subparagraph (A), by striking “at South Dakota State University”;

27 (B) in subparagraph (B), by striking “at the University of Tennessee at Knoxville”;

28 (C) in subparagraph (C), by striking “at Oklahoma State University”;

29 (D) in subparagraph (D), by striking “at Oregon State University”;

30 (E) in subparagraph (E), by striking “at Cornell University”; and

31 (F) in subparagraph (F), by striking “at the University of Hawaii”;

32 (3) in subsection (c)(1)—

33 (A) in subparagraph (B), by striking “multistate” and all that follows through  
34 “technology implementation” and inserting “integrated, multistate research, extension,  
35 and education programs on technology development and technology implementation”;

- 1 (B) by striking subparagraph (C); and  
2 (C) by redesignating subparagraph (D) as subparagraph (C);  
3 (4) in subsection (d)—  
4 (A) in paragraph (1)—  
5 (i) by striking “gasification” and inserting “bioproducts”; and  
6 (ii) by striking “the Department of Energy” and inserting “other appropriate  
7 Federal agencies”;  
8 (B) by striking paragraph (2);  
9 (C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively;  
10 and  
11 (D) in paragraph (1), by striking “in accordance with paragraph (2)”; and  
12 (5) in subsection (g), by striking “2012” and inserting “2017”.

13 (b) Conforming Amendments.—Section 7526(f) of the Food, Conservation, and Energy Act of  
14 2008 (7 U.S.C. 8114(f)) is amended—

- 15 (1) in paragraph (1), by striking “subsection (c)(1)(D)(i)” and inserting “subsection  
16 (c)(1)(C)(i)”; and  
17 (2) in paragraph (2), by striking “subsection (d)(1)” and inserting “subsection (d)”.

## 18 Subtitle F—Miscellaneous

### 19 SEC. 7601. FOUNDATION FOR FOOD AND 20 AGRICULTURE RESEARCH.

21 (a) Definitions.—In this section:

- 22 (1) BOARD.—The term “Board” means the Board of Directors described in subsection  
23 (e).  
24 (2) DEPARTMENT.—The term “Department” means the Department of Agriculture.  
25 (3) FOUNDATION.—The term “Foundation” means the Foundation for Food and  
26 Agriculture Research established under subsection (b).  
27 (4) SECRETARY.—The term “Secretary” means the Secretary of Agriculture.

28 (b) Establishment.—

29 (1) IN GENERAL.—The Secretary shall establish a nonprofit corporation to be known as  
30 the “Foundation for Food and Agriculture Research”.

31 (2) STATUS.—

32 (A) TAX-EXEMPT STATUS.—The Foundation shall be considered to be an entity  
33 described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from  
34 taxation under section 501(a) of such Code.

35 (B) LIMITATION.—The Foundation shall not be an agency or instrumentality of the

1 United States Government.

2 (c) Purposes.—The purposes of the Foundation shall be—

3 (1) to advance the research mission of the Department by supporting agricultural research  
4 activities focused on addressing key problems of national and international significance  
5 including—

6 (A) plant health, production, and plant products;

7 (B) animal health, production, and products;

8 (C) food safety, nutrition, and health;

9 (D) renewable energy, natural resources, and the environment;

10 (E) agricultural and food security;

11 (F) agriculture systems and technology; and

12 (G) agriculture economics and rural communities; and

13 (2) to foster collaboration with agricultural researchers from the Federal Government,  
14 institutions of higher education, industry, and nonprofit organizations.

15 (d) Duties.—

16 (1) IN GENERAL.—The Foundation shall—

17 (A) award grants to, or enter into contracts, memoranda of understanding, or  
18 cooperative agreements with, scientists and entities, which may include agricultural  
19 research agencies in the Department, university consortia, public-private partnerships,  
20 institutions of higher education, nonprofit organizations, and industry, to efficiently  
21 and effectively advance the goals and priorities of the Foundation;

22 (B) in consultation with the Secretary—

23 (i) identify existing and proposed Federal intramural and extramural research  
24 and development programs relating to the purposes of the Foundation described in  
25 subsection (c); and

26 (ii) coordinate Foundation activities with those programs so as to minimize  
27 duplication of existing efforts;

28 (C) identify unmet and emerging agricultural research needs after reviewing the  
29 Roadmap for Agricultural Research, Education and Extension as required by section  
30 7504 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7614a);

31 (D) facilitate technology transfer and release of information and data gathered from  
32 the activities of the Foundation to the agricultural research community;

33 (E) promote and encourage the development of the next generation of agricultural  
34 research scientists; and

35 (F) carry out such other activities as the Board determines to be consistent with the  
36 purposes of the Foundation.

37 (2) AUTHORITY.—The Foundation shall be the sole entity responsible for carrying out the

1 activities described in this subsection.

2 (3) RELATIONSHIP TO OTHER ACTIVITIES.—The activities described in paragraph (1) shall  
3 be supplemental to any other activities at the Department and shall not preempt any  
4 authority or responsibility of the Department under another provision of law.

5 (e) Board of Directors.—

6 (1) ESTABLISHMENT.—The Foundation shall be governed by a Board of Directors.

7 (2) COMPOSITION.—

8 (A) IN GENERAL.—The Board shall be composed of appointed and ex-officio,  
9 nonvoting members.

10 (B) EX-OFFICIO MEMBERS.—The ex-officio members of the Board shall be the  
11 following individuals or designees:

12 (i) The Secretary.

13 (ii) The Under Secretary of Agriculture for Research, Education, and  
14 Economics.

15 (iii) The Administrator of the Agricultural Research Service.

16 (iv) The Director of the National Institute of Food and Agriculture.

17 (v) The Director of the National Science Foundation.

18 (C) APPOINTED MEMBERS.—

19 (i) IN GENERAL.—The ex-officio members of the Board under subparagraph (B)  
20 shall, by majority vote, appoint to the Board 15 individuals, of whom—

21 (I) 8 shall be selected from a list of candidates to be provided by the  
22 National Academy of Sciences; and

23 (II) 7 shall be selected from lists of candidates provided by industry.

24 (ii) REQUIREMENTS.—

25 (I) EXPERTISE.—The ex-officio members shall ensure that a majority of  
26 the members of the Board have actual experience in agricultural research  
27 and, to the extent practicable, represent diverse sectors of agriculture.

28 (II) LIMITATION.—No employee of the Federal Government may serve as  
29 an appointed member of the Board under this subparagraph.

30 (III) NOT FEDERAL EMPLOYMENT.—Appointment to the Board under this  
31 subparagraph shall not constitute Federal employment.

32 (iii) AUTHORITY.—All appointed members of the Board shall be voting  
33 members.

34 (D) CHAIR.—The Board shall, from among the members of the Board, designate an  
35 individual to serve as Chair of the Board.

36 (3) INITIAL MEETING.—Not later than 60 days after the date of enactment of this Act, the  
37 Secretary shall convene a meeting of the ex-officio members of the Board—

1 (A) to incorporate the Foundation; and

2 (B) to appoint the members of the Board in accordance with paragraph (2)(C)(i).

3 (4) DUTIES.—

4 (A) IN GENERAL.—The Board shall—

5 (i) establish bylaws for the Foundation that, at a minimum, include—

6 (I) policies for the selection of future Board members, officers, employees,  
7 agents, and contractors of the Foundation;

8 (II) policies, including ethical standards, for—

9 (aa) the acceptance, solicitation, and disposition of donations and  
10 grants to the Foundation; and

11 (bb) the disposition of assets of the Foundation, including appropriate  
12 limits on the ability of donors to designate, by stipulation or restriction,  
13 the use or recipient of donated funds;

14 (III) policies that would subject all employees, fellows, trainees, and other  
15 agents of the Foundation (including members of the Board) to the conflict of  
16 interest standards under section 208 of title 18, United States Code;

17 (IV) policies for writing, editing, printing, publishing, and vending of  
18 books and other materials;

19 (V) policies for the conduct of the general operations of the Foundation,  
20 including a cap on administrative expenses for recipients of a grant, contract,  
21 or cooperative agreement from the Foundation; and

22 (VI) specific duties for the Executive Director;

23 (ii) prioritize and provide overall direction for the activities of the Foundation;

24 (iii) evaluate the performance of the Executive Director; and

25 (iv) carry out any other necessary activities regarding the Foundation.

26 (B) ESTABLISHMENT OF BYLAWS.—In establishing bylaws under subparagraph  
27 (A)(i), the Board shall ensure that the bylaws do not—

28 (i) reflect unfavorably on the ability of the Foundation to carry out the duties of  
29 the Foundation in a fair and objective manner; or

30 (ii) compromise, or appear to compromise, the integrity of any governmental  
31 agency or program, or any officer or employee employed by or involved in a  
32 governmental agency or program.

33 (5) TERMS AND VACANCIES.—

34 (A) TERMS.—

35 (i) IN GENERAL.—The term of each member of the Board appointed under  
36 paragraph (2)(C) shall be 5 years.

37 (ii) PARTIAL TERMS.—If a member of the Board does not serve the full term

1 applicable under clause (i), the individual appointed to fill the resulting vacancy  
2 shall be appointed for the remainder of the term of the predecessor of the  
3 individual.

4 (iii) TRANSITION.—A member of the Board may continue to serve after the  
5 expiration of the term of the member until a successor is appointed.

6 (B) VACANCIES.—Any vacancy in the membership of the Board shall be filled in the  
7 manner in which the original position was made and shall not affect the power of the  
8 remaining members to execute the duties of the Board.

9 (6) COMPENSATION.—Members of the Board may not receive compensation for service  
10 on the Board but may be reimbursed for travel, subsistence, and other necessary expenses  
11 incurred in carrying out the duties of the Board.

12 (7) MEETINGS AND QUORUM.—A majority of the members of the Board shall constitute a  
13 quorum for purposes of conducting business of the Board.

14 (f) Administration.—

15 (1) EXECUTIVE DIRECTOR.—

16 (A) IN GENERAL.—The Board shall hire an Executive Director who shall carry out  
17 such duties and responsibilities as the Board may prescribe.

18 (B) SERVICE.—The Executive Director shall serve at the pleasure of the Board.

19 (2) ADMINISTRATIVE POWERS.—

20 (A) IN GENERAL.—In carrying out this section, the Board, acting through the  
21 Executive Director, may—

22 (i) adopt, alter, and use a corporate seal, which shall be judicially noticed;

23 (ii) hire, promote, compensate, and discharge 1 or more officers, employees,  
24 and agents, as may be necessary, and define the duties of the officers, employees,  
25 and agents;

26 (iii) solicit and accept any funds, gifts, grants, devises, or bequests of real or  
27 personal property made to the Foundation, including such support from private  
28 entities;

29 (iv) prescribe the manner in which—

30 (I) real or personal property of the Foundation is acquired, held, and  
31 transferred;

32 (II) general operations of the Foundation are to be conducted; and

33 (III) the privileges granted to the Board by law are exercised and enjoyed;

34 (v) with the consent of the applicable executive department or independent  
35 agency, use the information, services, and facilities of the department or agency in  
36 carrying out this section;

37 (vi) enter into contracts with public and private organizations for the writing,  
38 editing, printing, and publishing of books and other material;

1 (vii) hold, administer, invest, and spend any gift, devise, or bequest of real or  
2 personal property made to the Foundation;

3 (viii) enter into such contracts, leases, cooperative agreements, and other  
4 transactions as the Board considers appropriate to conduct the activities of the  
5 Foundation;

6 (ix) modify or consent to the modification of any contract or agreement to  
7 which the Foundation is a party or in which the Foundation has an interest;

8 (x) take such action as may be necessary to obtain patents and licenses for  
9 devices and procedures developed by the Foundation and employees of the  
10 Foundation;

11 (xi) sue and be sued in the corporate name of the Foundation, and complain and  
12 defend in courts of competent jurisdiction;

13 (xii) appoint other groups of advisors as may be determined necessary to carry  
14 out the functions of the Foundation; and

15 (xiii) exercise such other incidental powers as are necessary to carry out the  
16 duties and functions of the Foundation in accordance with this section

17 (B) LIMITATION.—No appointed member of the Board or officer or employee of the  
18 Foundation or of any program established by the Foundation (other than ex-officio  
19 members of the Board) shall exercise administrative control over any Federal  
20 employee

21 (3) RECORDS.—

22 (A) AUDITS.—The Foundation shall—

23 (i) provide for annual audits of the financial condition of the Foundation; and

24 (ii) make the audits, and all other records, documents, and other papers of the  
25 Foundation, available to the Secretary and the Comptroller General of the United  
26 States for examination or audit.

27 (B) REPORTS.—

28 (i) ANNUAL REPORT ON FOUNDATION.—

29 (I) IN GENERAL.—Not later than 5 months following the end of each fiscal  
30 year, the Foundation shall publish a report for the preceding fiscal year that  
31 includes—

32 (aa) a description of Foundation activities, including  
33 accomplishments; and

34 (bb) a comprehensive statement of the operations and financial  
35 condition of the Foundation.

36 (II) FINANCIAL CONDITION.—Each report under subclause (I) shall include  
37 a description of all gifts or grants to the Foundation of real or personal  
38 property or money, which shall include—

39 (aa) the source of the gifts or grants; and

1 (bb) any restrictions on the purposes for which the gift or grant may  
2 be used.

3 (III) AVAILABILITY.—The Foundation shall—

4 (aa) make copies of each report submitted under subclause (I)  
5 available for public inspection; and

6 (bb) on request, provide a copy of the report to any individual.

7 (IV) PUBLIC MEETING.—The Board shall hold an annual public meeting to  
8 summarize the activities of the Foundation.

9 (ii) GRANT REPORTING.—Any recipient of a grant under subsection (d)(1)(A)  
10 shall provide the Foundation with a report at the conclusion of any research or  
11 studies conducted that describes the results of the research or studies, including  
12 any data generated.

13 (4) INTEGRITY.—

14 (A) IN GENERAL.—To ensure integrity in the operations of the Foundation, the Board  
15 shall develop and enforce procedures relating to standards of conduct, financial  
16 disclosure statements, conflict of interest (including recusal and waiver rules), audits,  
17 and any other matters determined appropriate by the Board.

18 (B) FINANCIAL CONFLICTS OF INTEREST.—Any individual who is an officer,  
19 employee, or member of the Board is prohibited from any participation in deliberations  
20 by the Foundation of a matter that would directly or predictably affect any financial  
21 interest of—

22 (i) the individual;

23 (ii) a relative (as defined in section 109 of the Ethics in Government Act of  
24 1978 (5 U.S.C. App.)) of that individual; or

25 (iii) a business organization or other entity in which the individual has an  
26 interest, including an organization or other entity with which the individual is  
27 negotiating employment.

28 (5) INTELLECTUAL PROPERTY.—The Board shall adopt written standards to govern  
29 ownership of any intellectual property rights derived from the collaborative efforts of the  
30 Foundation.

31 (6) LIABILITY.—The United States shall not be liable for any debts, defaults, acts, or  
32 omissions of the Foundation nor shall the full faith and credit of the United States extend to  
33 any obligations of the Foundation.

34 (g) Funds.—

35 (1) MANDATORY FUNDING.—

36 (A) IN GENERAL.—On October 1, 2012, of the funds of the Commodity Credit  
37 Corporation, the Secretary shall transfer to the Foundation to carry out this section  
38 \$100,000,000, to remain available until expended under the conditions described in  
39 subparagraph (B).

1           (B) CONDITIONS ON EXPENDITURE.—The Foundation may use the funds made  
2           available under subparagraph (A) to carry out the purposes of the Foundation only to  
3           the extent that the Foundation secures an equal amount of non-Federal matching funds  
4           for each expenditure.

5           (C) PROHIBITION ON CONSTRUCTION.—None of the funds made available under  
6           subparagraph (A) may be used for construction.

7           (2) SEPARATION OF FUNDS.—The Executive Director shall ensure that any funds received  
8           under paragraph (1) or (2) are held in separate accounts from funds received from  
9           nongovernmental entities as described in subsection (f)(2)(A)(iii).

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**TITLE VIII—FORESTRY [COMPLETE SUBSTITUTE AMENDMENT]**

**Subtitle A—Repeal of Certain Forestry Programs**

**SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

(a) Repeal.—Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

(b) Conforming Amendment.—Section 8002 of the Farm Security and Rural Investment Act of 2002 (Public Law 107–171; 16 U.S.C. 2103 note) is amended by striking subsection (a).

(c) Effective Date.—The amendments made by this section shall take effect on October 1, 2012.

**SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

(a) Repeal.—Section 6 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

(b) Effective Date.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST PRODUCTS MARKETING PROGRAM.**

Section 18 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2112) is repealed.

**SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICULTURAL LAND NATIONAL RESOURCES LEADERSHIP PROGRAM.**

(a) Repeal.—Section 8402 of the Food, Conservation, and Energy Act of 2008 (16 U.S.C. 1649a) is repealed.

(b) Effective Date.—The amendment made by this section shall take effect on October 1, 2012.

**SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE PROGRAM.**

(a) Repeal.—Section 303 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

(b) Effective Date.—The amendment made by this section shall take effect on October 1, 2012.

1 Subtitle B—Reauthorization of Cooperative Forestry Assistance  
2 Act of 1978 Programs

3 **SEC. 8101. STATE-WIDE ASSESSMENT AND**  
4 **STRATEGIES FOR FOREST RESOURCES.**

5 Section 2A(f)(1) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C.  
6 2101a(f)(1)) is amended by striking “2012” and inserting “2017”.

7 **SEC. 8102. FOREST STEWARDSHIP PROGRAM.**

8 Section 5(h) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a(h)) is  
9 amended by striking “such sums as may be necessary thereafter” and inserting  
10 “\$50,000,000 for each of fiscal years 2013 through 2017”.

11 **SEC. 8103. FOREST LEGACY PROGRAM.**

12 Section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c) is amended  
13 by striking subsection (m) and inserting the following:

14 ~~“(m) Authorization of Appropriations.—To carry out this section, there are authorized to be~~  
15 ~~appropriated—~~ **Funding.—**

16 ~~“(1) such sums as are necessary for fiscal year 2012; and~~

17 ~~“(2) \$55,000,000”~~ **(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to**  
18 **be appropriated to carry out this section \$200,000,000** for each of fiscal years 2013  
19 **through 2017.”. 2017.**

20 ~~SEC. 8102“(2) ADDITIONAL FUNDING SOURCES.—In addition to any funds~~  
21 **appropriated for each fiscal year to carry out this section, the Secretary may use any**  
22 **other Federal funds available to the Secretary.”.**

23 **SEC. 8104. COMMUNITY FOREST AND OPEN SPACE**  
24 **CONSERVATION PROGRAM.**

25 Section 7A of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103d) is amended  
26 by striking subsection (g) and inserting the following:

27 ~~“(g) Authorization of Appropriations.—To~~ **Appropriations.—There is authorized to be**  
28 **appropriated to carry out this section, there are authorized to be appropriated—**

29 ~~“(1) such sums as are necessary for fiscal year 2012; and~~

30 ~~“(2) \$1,500,000”~~ **\$50,000,000** for each of fiscal years 2013 through 2017.”.

31 **SEC. 8105. URBAN AND COMMUNITY FORESTRY**  
32 **ASSISTANCE.**

33 Section 9(i) of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2105(i)) is  
34 amended by striking “such sums as may be necessary for each fiscal year thereafter” and

1 inserting “\$50,000,000 for each of fiscal years 2013 through 2017”.

2 Subtitle C—Reauthorization of Other Forestry-related Laws

3 **SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.**

4 Section 2371(d)(2) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
5 6601(d)(2)) is amended by striking “2012” and inserting “2017”.

6 **SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

7 Section 2405 of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704) is  
8 amended by striking subsection (d) and inserting the following:

9 “(d) Authorization of Appropriations.—To carry out this section, there are authorized to be  
10 appropriated—

11 “(1) such sums as are necessary for each of fiscal years 1996 through 2012; and

12 “(2) ~~\$6,000,000~~ **\$10,000,000** for each of fiscal years 2013 through 2017.”.

13 **SEC. 8203. INSECT INFESTATIONS AND RELATED**  
14 **DISEASES.**

15 ~~Section 406(a)~~ **Findings and Purposes.**—Section 401 of the Healthy Forests Restoration Act  
16 of 2003 (16 U.S.C. ~~6556~~ **6551**) is amended—

17 **(1) in subsection (a)—**

18 **(A) by redesignating paragraphs (3) through (12) as paragraphs (4) through**  
19 **(13), respectively; and**

20 **(B) by inserting after paragraph (2) the following:**

21 **“(3) the mountain pine beetle is—**

22 **“(A) threatening and ravaging forests throughout the Western region of the**  
23 **United States, including Arizona, California, Colorado, Idaho, Montana, Nevada,**  
24 **New Mexico, Oregon, and South Dakota;**

25 **“(B) reaching epidemic populations and severely impacting over 41,000,000**  
26 **acres in western forests; and**

27 **“(C) deteriorating forest health in national forests and, when combined with**  
28 **drought, disease, and storm damage, is resulting in extreme fire hazards in**  
29 **national forests across the Western United States and endangering the economic**  
30 **stability of surrounding adjacent communities, ranches, and parks;”;** and

31 **(2) in subsection (b)—**

32 **(A) in paragraph (2), by striking “and” at the end;**

33 **(B) in paragraph (3), by striking the period at the end and inserting “; and”;**  
34 **and**

35 **(C) by adding at the end the following:**

1           “(4) to provide for designation of treatment areas pursuant to section 405.”.

2           **(b) Designation of Treatment Areas.**—Title IV of the Healthy Forests Restoration Act of  
3 2003 (16 U.S.C. 6551 et seq.) is amended—

4           (1) by redesignating sections 405 and 406 (16 U.S.C. 6555, 6556) as sections 406 and  
5 407, respectively; and

6           (2) by inserting after section 404 (16 U.S.C. 6554) the following:

7 **“SEC. 405. DESIGNATION OF TREATMENT AREAS.**

8           **“(a) Designation of Treatment Areas.**—Not later than 60 days after the date of  
9 enactment of the Agriculture Reform, Food, and Jobs Act of 2012, the Secretary shall  
10 designate treatment areas on at least 1 national forest in each State, if requested by the  
11 Governor of the State, that the Secretary determines, based on annual forest health  
12 surveys, are experiencing declining forest health due to insect or disease infestation.

13           **“(b) Treatment of Areas.**—The Secretary may carry out treatments to address the insect  
14 or disease infestation in the areas designated under subsection (a) in accordance with  
15 sections 104, 105, 106, and 401.

16           **“(c) Authorization of Appropriations.**—There is authorized to be appropriated to carry  
17 out this section \$100,000,000 for each of fiscal years 2013 through 2017.”.

18           **(c) Authorization of Appropriations.**—Section 407 of the Healthy Forests Restoration  
19 Act of 2003 (as redesignated by subsection (b)(1)) is amended by striking “2008” and inserting  
20 “2017”.

21 **SEC. 8204. CHANGE IN FUNDING SOURCE FOR**  
22 **HEALTHY FORESTS RESERVE PROGRAM.**

23           Section 508 of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6578) is amended—

24           (1) in subsection (a), by striking “In General” and inserting “Fiscal Years 2009 Through  
25 2012”;

26           (2) by redesignating subsection (b) as subsection (d); and

27           (3) by inserting after subsection (a) the following:

28           **“(b) Fiscal Years 2013 Through 2017.**—There is authorized to be appropriated to the  
29 Secretary of Agriculture to carry out this section \$9,750,000 for each of fiscal years 2013  
30 through 2017.

31           **“(c) Additional Source of Funds.**—In addition to funds appropriated pursuant to the  
32 authorization of appropriations in subsection (b) for a fiscal year, the Secretary may use such  
33 amount of the funds appropriated for that fiscal year to carry out the Soil Conservation and  
34 Domestic Allotment Act (16 U.S.C. 590a et seq.) as the Secretary determines necessary to cover  
35 the cost of technical assistance, management, and enforcement responsibilities for land enrolled  
36 in the healthy forests reserve program pursuant to subsections (a) and (b) of section 504.”.

37 **SEC. 8205. STEWARDSHIP END RESULT CONTRACTING**

1 **PROJECTS.**

2 (a) In General.—Title VI of the Healthy Forests Restoration Act of 2003 (16 U.S.C. 6591) is  
3 amended by adding at the end the following:

4 **“SEC. 602. STEWARDSHIP END RESULT CONTRACTING**  
5 **PROJECTS.**

6 “(a) Definitions.—In this section:

7 “(1) CHIEF.—The term ‘Chief’ means the Chief of the Forest Service.

8 “(2) DIRECTOR.—The term ‘Director’ means the Director of the Bureau of Land  
9 Management.

10 “(b) Projects.—The Chief and the Director, via agreement or contract as appropriate, may  
11 enter into stewardship contracting projects with private persons or other public or private entities  
12 to perform services to achieve land management goals for the national forests and the public  
13 lands that meet local and rural community needs.

14 “(c) Land Management Goals.—The land management goals of a project under subsection (b)  
15 may include—

16 “(1) road and trail maintenance or obliteration to restore or maintain water quality;

17 “(2) soil productivity, habitat for wildlife and fisheries, or other resource values;

18 “(3) setting of prescribed fires to improve the composition, structure, condition, and  
19 health of stands or to improve wildlife habitat;

20 “(4) removing vegetation or other activities to promote healthy forest stands, reduce fire  
21 hazards, or achieve other land management objectives;

22 “(5) watershed restoration and maintenance;

23 “(6) restoration and maintenance of wildlife and fish; or

24 “(7) control of noxious and exotic weeds and reestablishing.

25 “(d) Agreements or Contracts.—

26 “(1) PROCUREMENT PROCEDURE.—A source for performance of an agreement or contract  
27 under subsection (b) shall be selected on a best-value basis, including consideration of  
28 source under other public and private agreements or contracts.

29 “(2) CONTRACT FOR SALE OF PROPERTY.—A contract entered into under this section may,  
30 at the discretion of the Secretary of Agriculture, be considered a contract for the sale of  
31 property under such terms as the Secretary may prescribe without regard to any other  
32 provision of law.

33 “(3) TERM.—

34 “(A) IN GENERAL.—Except as provided in subparagraph (B), the Chief and the  
35 Director may enter into a contract under subsection (b) in accordance with section  
36 3903 of title 41, United States Code.

1           “(B) MAXIMUM.—The period of the contract under subsection (b) may exceed 5  
2           years but may not exceed 10 years.

3           “(4) OFFSETS.—

4           “(A) IN GENERAL.—The Chief and the Director may apply the value of timber or  
5           other forest products removed as an offset against the cost of services received under  
6           the agreement or contract described in subsection (b).

7           “(B) METHODS OF APPRAISAL.—The value of timber or other forest products used as  
8           an offset under subparagraph (A)—

9                   “(i) shall be determined using appropriate methods of appraisal commensurate  
10                  with the quantity of products to be removed; and

11                  “(ii) may—

12                          “(I) be determined using a unit of measure appropriate to the contracts;  
13                          and

14                          “(II) may include valuing products on a per-acre basis.

15           “(5) RELATION TO OTHER LAWS.—Notwithstanding subsections (d) and (g) of section 14  
16           of the National Forest Management Act of 1976 (16 U.S.C. 472a), the Chief may enter into  
17           an agreement or contract under subsection (b).

18           “(6) CONTRACTING OFFICER.—Notwithstanding any other provision of law, the Secretary  
19           or the Secretary of the Interior may determine the appropriate contracting officer to enter  
20           into and administer an agreement or contract under subsection (b).

21           “(e) Receipts.—

22           “(1) IN GENERAL.—The Chief and the Director may collect monies from an agreement or  
23           contract under subsection (b) if the collection is a secondary objective of negotiating the  
24           contract that will best achieve the purposes of this section.

25           “(2) USE.—Monies from an agreement or contract under subsection (b)—

26                   “(A) may be retained by the Chief and the Director; and

27                   “(B) shall be available for expenditure without further appropriation at the project  
28                   site from which the monies are collected or at another project site.

29           “(3) RELATION TO OTHER LAWS.—

30           “(A) IN GENERAL.—Notwithstanding any other provision of law, the value of  
31           services received by the Chief or the Director under a stewardship contract project  
32           conducted under this section, and any payments made or resources provided by the  
33           contractor, Chief, or Director shall not be considered monies received from the  
34           National Forest System or the public lands.

35           “(B) KNUTSON-VANDERBERG ACT.—The Act of June 9, 1930 (commonly known as  
36           the ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et seq.) shall not apply to any  
37           agreement or contract under subsection (b).

38           “(f) Costs of Removal.—Notwithstanding the fact that a contractor did not harvest the timber,  
39           the Chief may collect deposits from a contractor covering the costs of removal of timber or other

1 forest products under—

2 “(1) the Act of August 11, 1916 (16 U.S.C. 490); and

3 “(2) and the Act of June 30, 1914 (16 U.S.C. 498).

4 “(g) Performance and Payment Guarantees.—

5 “(1) IN GENERAL.—The Chief and the Director may require performance and payment  
6 bonds under sections 28.103–2 and 28.103–3 of the Federal Acquisition Regulation, in an  
7 amount that the contracting officer considers sufficient to protect the investment in receipts  
8 by the Federal Government generated by the contractor from the estimated value of the  
9 forest products to be removed under a contract under subsection (b).

10 “(2) EXCESS OFFSET VALUE.—If the offset value of the forest products exceeds the value  
11 of the resource improvement treatments, the Chief and the Director may—

12 “(A) collect any residual receipts under the Act of June 9, 1930 (commonly known  
13 as the ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et seq.); and

14 “(B) apply the excess to other authorized stewardship projects.

15 “(h) Monitoring and Evaluation.—

16 “(1) IN GENERAL.—The Chief and the Director shall establish a multiparty monitoring  
17 and evaluation process that accesses the stewardship contracting projects conducted under  
18 this section.

19 “(2) PARTICIPANTS.—Other than the Chief and Director, participants in the process  
20 described in paragraph (1) may include—

21 “(A) any cooperating governmental agencies, including tribal governments; and

22 “(B) any other interested groups or individuals.

23 “(i) Reporting.—Not later than 1 year after the date of enactment of this section, and annually  
24 thereafter, the Chief and the Director shall report to the Committee on Agriculture, Nutrition, and  
25 Forestry of the Senate and the Committee on Agriculture of the House of Representatives on—

26 “(1) the status of development, execution, and administration of agreements or contracts  
27 under subsection (b);

28 “(2) the specific accomplishments that have resulted; and

29 “(3) the role of local communities in the development of agreements or contract plans.”.

30 (b) Conforming Amendment.—Section 347 of the Department of the Interior and Related  
31 Agencies Appropriations Act, 1999 (16 U.S.C. 2104 note; Public Law 105–277) is repealed.

## 32 **SEC. 8206. HEALTHY FORESTS RESERVE PROGRAM.**

33 **Section 502(e)(3) of the Healthy Forests Restoration Act (16 U.S.C. 6572(e)(3)) is**  
34 **amended—**

35 **(1) in subparagraph (C), by striking “subparagraphs (A) and (B)” and inserting**  
36 **“clauses (i) and (ii)”;**

37 **(2) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii),**

1           **respectively, and indenting appropriately; and**

2           **(3) by striking “In the case of” and inserting the following:**

3           **“(A) DEFINITION OF ACREAGE OWNED BY INDIAN TRIBES.—In this paragraph, the**  
4           **term ‘acreage owned by Indian tribes’ includes—**

5                   **“(i) land that is held in trust by the United States for Indian tribes or**  
6                   **individual Indians;**

7                   **“(ii) land, the title to which is held by Indian tribes or individual Indians**  
8                   **subject to Federal restrictions against alienation or encumbrance;**

9                   **“(iii) land that is subject to rights of use, occupancy, and benefit of certain**  
10                   **Indian tribes;**

11                   **“(iv) land that is held in fee title by an Indian tribe; or**

12                   **“(v) land that is owned by a native corporation formed under section 17 of**  
13                   **the Act of June 18, 1934 (commonly known as the ‘Indian Reorganization**  
14                   **Act’) (25 U.S.C. 477) or section 8 of the Alaska Native Claims Settlement Act**  
15                   **(43 U.S.C. 1607); or**

16                   **“(vi) a combination of 1 or more types of land described in clauses (i)**  
17                   **through (v).**

18           **“(B) ENROLLMENT OF ACREAGE.—In the case of”.**

19           **Subtitle D—Miscellaneous Provisions**

20           **SEC. 8301. MCINTIRE-STENNIS COOPERATIVE**  
21           **FORESTRY ACT.**

22           (a) 1890 Waivers.—Section 4 of Public Law 87–788 (commonly known as the  
23           “McIntire-Stennis Cooperative Forestry Act”) (16 U.S.C. 582a–3) is amended by inserting “The  
24           matching funds requirement shall not be applicable to eligible 1890 Institutions (as defined in  
25           section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C.  
26           7601)) if the allocation is below \$200,000.” before “The Secretary is authorized” in the second  
27           sentence.

28           (b) Participation.—Section 8 of Public Law 87–788 (commonly known as the  
29           “McIntire-Stennis Cooperative Forestry Act”) (16 U.S.C. 582a–7) is amended by inserting ‘the  
30           Federated States of Micronesia, American Samoa, the Northern Mariana Islands,’ before ‘and  
31           Guam”’.

32           (c) Effective Date.—The amendments made by this section take effect on October 1, 2012.

33           **SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST**  
34           **INVENTORY AND ANALYSIS.**

35           (a) Revision Required.—Not later than 180 days after the date of enactment of this Act, the  
36           Secretary of Agriculture shall revise the strategic plan for forest inventory and analysis initially  
37           prepared pursuant to section 3(e) of the Forest and Rangeland Renewable Resources Research

1 Act of 1978 (16 U.S.C. 1642(e)) to address the requirements imposed by subsection (b).

2 (b) Elements of Revised Strategic Plan.—In revising the strategic plan, the Secretary of  
3 Agriculture shall describe in detail the organization, procedures, and funding needed to achieve  
4 each of the following:

5 (1) Complete the transition to a fully annualized forest inventory program and include  
6 inventory and analysis of interior Alaska.

7 (2) Implement an annualized inventory of trees in urban settings, including the status and  
8 trends of trees and forests, and assessments of their ecosystem services, values, health, and  
9 risk to pests and diseases.

10 (3) Report information on renewable biomass supplies and carbon stocks at the local,  
11 State, regional, and national level, including by ownership type.

12 (4) Engage State foresters and other users of information from the forest inventory and  
13 analysis in reevaluating the list of core data variables collected on forest inventory and  
14 analysis plots with an emphasis on demonstrated need.

15 (5) Improve the timeliness of the timber product output program and accessibility of the  
16 annualized information on that database.

17 (6) Foster greater cooperation among the forest inventory and analysis program, research  
18 station leaders, and State foresters and other users of information from the forest inventory  
19 and analysis.

20 (7) Availability of and access to non-Federal resources to improve information analysis  
21 and information management.

22 (8) Collaborate with the Natural Resources Conservation Service, National Aeronautics  
23 and Space Administration, National Oceanic and Atmospheric Administration, and United  
24 States Geological Survey to integrate remote sensing, spatial analysis techniques, and other  
25 new technologies in the forest inventory and analysis program.

26 (9) Understand and report on changes in land cover and use.

27 (10) Expand existing programs to promote sustainable forest stewardship through  
28 increased understanding, in partnership with other Federal agencies, of the over 10 million  
29 family forest owners, their demographics, and the barriers to forest stewardship.

30 (11) Implement procedures to improve the statistical precision of estimates at the  
31 sub-State level.

32 (c) Submission of Revised Strategic Plan.—The Secretary of Agriculture shall submit the  
33 revised strategic plan to the Committee on Agriculture of the House of Representatives and the  
34 Committee on Agriculture, Nutrition, and Forestry of the Senate.

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## TITLE IX—ENERGY [COMPLETE SUBSTITUTE AMENDMENT]

### SEC. 9001. DEFINITION OF RENEWABLE CHEMICAL.

Section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101) is amended—

(1) by redesignating paragraphs (13) and (14) as paragraphs (14) and (15) respectively; and

(2) by inserting after paragraph (12) the following:

“(13) RENEWABLE CHEMICAL.—The term ‘renewable chemical’ means a monomer, polymer, plastic, formulated product, or chemical substance produced from renewable biomass.”.

### SEC. 9002. BIOBASED MARKETS PROGRAM.

(a) In General.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(1) in subsection (a)—

(A) in paragraph (2)(A)(i)—

(i) in subclause (I), by striking “and” at the end;

(ii) in subclause (II)(bb), by striking the period at the end and inserting “; and”; and

(iii) by adding at the end the following:

“(III) establish a targeted biobased-only procurement requirement under which the procuring agency shall issue a certain number of biobased-only contracts when the procuring agency is purchasing products, or purchasing services that include the use of products, that are included in a biobased product category designated by the Secretary.”; and

(B) in paragraph (3)—

(i) in subparagraph (B)—

(I) in clause (v), by inserting “as determined to be necessary by the Secretary based on the availability of data,” before “provide information”;

(II) by redesignating clauses (v) and (vi) as clauses (vii) and (viii), respectively; and

(III) by inserting after clause (iv) the following:

“(v) require reporting of quantities and types of biobased products purchased by procuring agencies;

1 “(vi) focus on products that apply an innovative approach to growing,  
2 harvesting, procuring, processing, or manufacturing biobased products **regardless**  
3 **of the date of entry of the products into the marketplace;**” and

4 (ii) by adding at the end the following:

5 “(F) REQUIRED DESIGNATIONS.—Not later than 1 year after the date of enactment of  
6 this subparagraph, the Secretary shall begin to designate intermediate ingredients or  
7 feedstocks and assembled and finished biobased products in the guidelines issued  
8 under this paragraph.”;

9 (2) in subsection (b)—

10 (A) in paragraph (3)—

11 (i) by striking “The Secretary” and inserting the following:

12 “(A) IN GENERAL.—The Secretary”; and

13 (ii) by adding at the end the following:

14 “(B) AUDITING AND COMPLIANCE.—The Secretary may carry out such auditing and  
15 compliance activities as the Secretary determines to be necessary to ensure compliance  
16 with subparagraph (A).”; and

17 (B) by adding at the end the following:

18 “(4) ASSEMBLED AND FINISHED PRODUCTS.—Not later than 1 year after the date of  
19 enactment of this paragraph, the Secretary shall begin issuing criteria for determining which  
20 assembled and finished products may qualify to receive the label under paragraph (1).”;

21 (3) by redesignating subsections (d), (e), (f), (g), and (h) as subsections (e), (f), (g), (i),  
22 and (j), respectively;

23 (4) by inserting after subsection (c) the following:

24 “(d) Outreach, Education, and Promotion.—

25 “(1) IN GENERAL.—The Secretary may engage in outreach, educational, and promotional  
26 activities intended to increase knowledge, awareness, and benefits of biobased products.

27 “(2) AUTHORIZED ACTIVITIES.—In carrying out this subsection, the Secretary may—

28 “(A) conduct consumer education and outreach (including consumer and awareness  
29 surveys);

30 “(B) conduct outreach to and support for State and local governments interested in  
31 implementing biobased purchasing programs;

32 “(C) partner with industry and nonprofit groups to produce educational and outreach  
33 materials and conduct educational and outreach events;

34 “(D) sponsor special conferences and events to bring together buyers and sellers of  
35 biobased products; and

36 “(E) support pilot and demonstration projects.”;

37 (5) in subsection (h) (as redesignated by paragraph (3))—

1 (A) in paragraph (2)—

2 (i) in the matter preceding subparagraph (A) by striking “The report” and  
3 inserting “Each report under paragraph (1)”;

4 (ii) in subparagraph (A), by striking “and” at the end;

5 (iii) in subparagraph (B)(ii), by striking the period at the end and inserting a  
6 semicolon; and

7 (iv) by adding at the end the following:

8 “(C) the progress made by other Federal agencies in compliance with the biobased  
9 procurement requirements, including the quantity of purchases made; and

10 “(D) the status of outreach, educational, and promotional activities carried out by the  
11 Secretary under subsection (d), including the attainment of specific milestones and  
12 overall results.”; and

13 (B) by adding at the end the following:

14 “(3) ECONOMIC IMPACT STUDY AND REPORT.—

15 “(A) IN GENERAL.—The Secretary shall conduct a study to assess the economic  
16 impact of the biobased products industry, including—

17 “(i) the quantity of biobased products sold;

18 “(ii) the value of the biobased products;

19 “(iii) the quantity of jobs created;

20 “(iv) the quantity of petroleum displaced;

21 “(v) other environmental benefits; and

22 “(vi) areas in which the use or manufacturing of biobased products could be  
23 more effectively used, including identifying any technical and economic obstacles  
24 and recommending how those obstacles can be overcome.

25 “(B) REPORT.—Not later than 180 days after the date of enactment of this  
26 subparagraph, the Secretary shall submit to Congress a report describing the results of  
27 the study conducted under subparagraph (A).”.

28 (6) by inserting after subsection (g) (as redesignated by paragraph (3)) the following:

29 “(h) Forest Products Laboratory Coordination.—In determining whether products are eligible  
30 for the ‘USDA Certified Biobased Product’ label, the Secretary (acting through the Forest  
31 Products Laboratory) shall—

32 “(1) review and approve forest-related products for which an application is submitted for  
33 the program;

34 “(2) expedite the approval of innovative products resulting from technology developed by  
35 the Forest Products Laboratory or partners of the Laboratory; and

36 “(3) provide appropriate technical assistance to applicants, as determined by the  
37 Secretary.”; and

1 (7) in subsection (j) (as redesignated by paragraph (3))—

2 (A) in the heading of paragraph (1), by inserting “FOR FISCAL YEARS 2008 THROUGH  
3 2012” after “FUNDING”;

4 (B) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2009 THROUGH  
5 2012” after “FUNDING”; and

6 (C) by adding at the end the following:

7 “(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
8 out this section \$2,000,000 for each of fiscal years 2013 through 2017.”.

9 (b) Conforming Amendment.—Section 944(c)(2)(A) of the Energy Policy Act of 2005 (42  
10 U.S.C. 16253(c)(2)(A)) is amended by striking “section 9002(h)(1)” and inserting “section  
11 9002(b)”.

## 12 SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, 13 AND BIOBASED PRODUCT MANUFACTURING 14 ASSISTANCE.

15 (a) Program Adjustments.—

16 (1) IN GENERAL.—Section 9003 of the Farm Security and Rural Investment Act of 2002  
17 (7 U.S.C. 8103) is amended—

18 (A) in the section heading, by inserting “, renewable chemical, and biobased product  
19 manufacturing” after “biorefinery”;

20 (B) in subsection (a), in the matter preceding paragraph (1), by inserting “renewable  
21 chemicals, and biobased product manufacturing” after “advanced biofuels,”; and

22 (C) in subsection (c)—

23 (i) in paragraph (1), by striking “and” at the end;

24 (ii) in paragraph (2), by striking the period at the end and inserting “; and”; and

25 (iii) by adding at the end the following:

26 “(3) grants and loan guarantees to fund the development and construction of renewable  
27 chemical and biobased product manufacturing facilities.”.

28 (2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on  
29 October 1, 2012.

30 (b) Funding.—Section 9003(h) of the Farm Security and Rural Investment Act of 2002 (7  
31 U.S.C. 8103(h)) is amended—

32 (1) in the heading of paragraph (1), by inserting “FOR FISCAL YEARS 2009 AND 2010” after  
33 “FUNDING”;

34 (2) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
35 after “FUNDING”; and

36 (3) by adding at the end the following:

1           “(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
2           out this section \$150,000,000 for each of fiscal years 2013 through 2017.”.

### 3   **SEC. 9004. REPEAL OF REPOWERING ASSISTANCE** 4   **PROGRAM AND TRANSFER OF REMAINING FUNDS.**

5           (a) Repeal.—Subject to subsection (b), section 9004 of the Farm Security and Rural  
6           Investment Act of 2002 (7 U.S.C. 8104) is repealed.

7           (b) Use of Remaining Funding for Rural Energy for America Program.—Funds made  
8           available pursuant to subsection (d) of section 9004 of the Farm Security and Rural Investment  
9           Act of 2002 (7 U.S.C. 8104) that are unobligated on the day before the date of enactment of this  
10          section shall—

11           (1) remain available until expended;

12           (2) be used by the Secretary of Agriculture to carry out financial assistance for energy  
13           efficiency improvements and renewable energy systems under section 9007(a)(2) of the  
14           Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and

15           (3) be in addition to any other funds made available to carry out that program.

### 16   **SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED** 17   **BIOFUELS.**

18          Section 9005(g) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8105(c)) is  
19          amended—

20           (1) in the heading of paragraph (1), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
21           after “FUNDING”;

22           (2) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
23           after “FUNDING”;

24           (3) by redesignating paragraph (3) as paragraph (4); and

25           (4) by inserting after paragraph (2) the following:

26           “(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
27           out this section \$20,000,000 for each of fiscal years 2013 through 2017.”.

### 28   **SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

29          Section 9006(d) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8106(d)) is  
30          amended—

31           (1) by striking “(d) FUNDING.—Of the funds” and inserting “(d) FUNDING.—

32           “(1) FISCAL YEARS 2008 THROUGH 2012.—Of the funds”; and

33           (2) by adding at the end the following:

34           “(2) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
35           out this section \$1,000,000 for each of fiscal years 2013 through 2017.”.

## 1 SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.

### 2 (a) Program Adjustments.—

3 (1) IN GENERAL.—Section 9007 of the Farm Security and Rural Investment Act of 2002  
4 (7 U.S.C. 8107) is amended—

#### 5 (A) in subsection (b)(2)—

6 (i) in subparagraph (C), by striking “and” at the end;

7 (ii) by redesignating subparagraph (D) as subparagraph (E); and

8 (iii) by inserting after subparagraph (C) the following:

9 “(D) a council (as defined in section 1528 of the Agriculture and Food Act of 1981  
10 (16 U.S.C. 3451)); and”; and

#### 11 (B) in subsection (c)—

12 (i) by striking paragraph (3);

13 (ii) by redesignating paragraph (4) as paragraph (3);

14 (iii) in paragraph (3) (as so redesignated), by striking subparagraph (A) and  
15 inserting the following:

16 “(A) GRANTS.—The amount of a grant under this subsection shall not exceed the  
17 lesser of—

18 “(i) \$500,000; and

19 “(ii) 25 percent of the cost of the activity carried out using funds from the  
20 grant.”; and

21 (iv) by adding at the end the following:

#### 22 “(4) TIERED APPLICATION PROCESS.—

23 “(A) IN GENERAL.—In providing loan guarantees and grants under this subsection,  
24 the Secretary shall use a 3-tiered application process that reflects the size of proposed  
25 projects in accordance with this paragraph.

26 “(B) TIER 1.—The Secretary shall establish a separate application process for  
27 projects for which the cost of the activity funded under this subsection is not more than  
28 \$80,000.

29 “(C) TIER 2.—The Secretary shall establish a separate application process for  
30 projects for which the cost of the activity funded under this subsection is greater than  
31 \$80,000 but less than \$200,000.

32 “(D) TIER 3.—The Secretary shall establish a separate application process for  
33 projects for which the cost of the activity funded under this subsection is equal to or  
34 greater than \$200,000.

35 “(E) APPLICATION PROCESS.—The Secretary shall establish an application,  
36 evaluation, and oversight process that is the most simplified for tier I projects and more  
37 comprehensive for each subsequent tier.”.

1 (2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on  
2 October 1, 2012.

3 (b) Funding.—Section 9007(g) of the Farm Security and Rural Investment Act of 2002 (7  
4 U.S.C. 8107(g)) is amended—

5 (1) in the heading of paragraph (1), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
6 after “FUNDING”;

7 (2) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
8 after “FUNDING”;

9 (3) in the heading of paragraph (3), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
10 after “FUNDING”; and

11 (4) by adding at the end the following:

12 “(4) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
13 out this section \$20,000,000 for each of fiscal years 2013 through 2017.”.

## 14 SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.

15 Section 9008(h) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8108(h)) is  
16 amended—

17 (1) in the heading of paragraph (1), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
18 after “FUNDING”;

19 (2) in the heading of paragraph (2), by inserting “FOR FISCAL YEARS 2009 THROUGH 2012”  
20 after “FUNDING”; and

21 (3) by adding at the end the following:

22 “(3) FISCAL YEARS 2013 THROUGH 2017.—There is authorized to be appropriated to carry  
23 out this section \$30,000,000 for each of fiscal years 2013 through 2017.”.

## 24 SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR 25 BIOENERGY PRODUCERS.

26 Section 9010(b) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8110(b)) is  
27 amended—

28 (1) in paragraph (1)(A), by striking “2012” and inserting “2017”; and

29 (2) in paragraph (2)(A), by striking “2012” and inserting “2017”.

## 30 SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.

31 Section 9011 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8111) is  
32 amended—

33 (1) in subsection (a)—

34 (A) in paragraphs (4)(B)(i) and (6)(B)(i), by striking “or an amendment made by that  
35 title” each place it appears and inserting “, title I of the       **Agriculture Reform,**  
36 **Food, and Jobs** Act of 2012, or an amendment made by those titles”;

1 (B) in paragraph (5)(B)—

2 (i) in clause (iii), by striking the semicolon at the end and inserting “(other than  
3 land under a contract expiring in the same year as that land is offered for  
4 enrollment in BCAP); or” before the semicolon at the end; and

5 (ii) by striking clauses (iv) and (v) and inserting the following:

6 “(iv) land enrolled in the agricultural conservation easement program under  
7 subtitle H of title XII of the Food Security Act of 1985.”; and

8 (C) in paragraph (6)(B)—

9 (i) in clause (iii), by striking “or” at the end;

10 (ii) in clause (iv), by striking the period at the end and inserting “; or”; and

11 (iii) by adding at the end the following:

12 “(v) any woody material collected or harvested outside of a BCAP project  
13 area.”;

14 (2) in subsection (b)—

15 (A) by striking “Program to—” and all that follows through “support the” in  
16 paragraph (1) and inserting “Program to support the”; and

17 (B) by striking “areas; and” and all that follows through the end of paragraph (2) and  
18 inserting “areas.”;

19 (3) in subsection (c)(5)—

20 (A) in subparagraph (C)(ii)—

21 (i) by striking subclause (III); and

22 (ii) by redesignating subclauses (IV) and (V) as subclauses (III) and (IV),  
23 respectively; and

24 (B) by adding at the end the following:

25 “(D) EXCLUSION.—The Secretary shall not make any BCAP payments on land for  
26 which payments are received under the conservation reserve program established under  
27 subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985  
28 (16 U.S.C. 3831 et seq.).”;

29 (4) by striking subsection (d);

30 (5) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively; and

31 (6) in subsection (e) (as so redesignated)—

32 (A) by striking “Funding.—Of the funds” and inserting “Funding.—

33 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of the funds”; and

34 (B) adding at the end the following:

35 “(2) FISCAL YEARS 2013 THROUGH 2017.—

36 “(A) IN GENERAL.—Subject to subparagraph (B), there is authorized to be

1           appropriated to carry out this section \$20,000,000 for each of fiscal years 2013 through  
2           2017.

3           “(B) MULTIYEAR CONTRACTS.—

4                   “(i) IN GENERAL.—For each multiyear contract entered into by the Secretary  
5                   during a fiscal year under this section, the Secretary shall ensure that sufficient  
6                   funds are reserved from the appropriation for that fiscal year to fully cover all  
7                   payments required by the contract for all years of the contract.

8                   “(ii) AVAILABILITY.—Funds shall be available until expended under the terms  
9                   of the contract.”.

10   **SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

11           Section 9012 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8112) is  
12           repealed.

13   **SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

14           Section 9013(e) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8113(e)) is  
15           amended by inserting before the period at the end “and ~~\$2,000,000~~ **\$5,000,000** for each of fiscal  
16           years 2013 through 2017”.

17   **SEC. 9013. REPEAL OF RENEWABLE FERTILIZER**  
18   **STUDY.**

19           Section 9003 of the Food, Conservation, and Energy Act of 2008 (Public Law 110–246; 122  
20           Stat. 2096) is repealed.

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2 **TITLE X—HORTICULTURE [COMPLETE SUBSTITUTE**  
3 **AMENDMENT]**

4 **SEC. 10001. SPECIALTY CROPS MARKET NEWS**  
5 **ALLOCATION.**

6 Section 10107(b) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1622b(b)) is  
7 amended by striking “2012” and inserting “2017”.

8 **SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE**  
9 **MOVEMENT OF SPECIALTY CROPS.**

10 Section 10403 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 1622c) is  
11 repealed.

12 **SEC. 10003. FARMERS MARKET AND LOCAL FOOD**  
13 **PROMOTION PROGRAM.**

14 Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3005) is  
15 amended—

16 (1) in the section heading, by adding “and Local Food” after “Market”;

17 (2) in subsection (a)—

18 (A) by inserting “and Local Food” after “Market”;

19 (B) by striking “farmers’ markets and to promote”; and

20 (C) by inserting “and local food capacity development” before the period at the end;

21 (3) in subsection (b), by striking paragraph (1) and inserting the following:

22 “(1) IN GENERAL.—The purposes of the Program are to increase domestic consumption of  
23 and access to locally and regionally produced agricultural products by developing,  
24 improving, expanding, and providing outreach, training, and technical assistance to, or  
25 assisting in the development, improvement and expansion of—

26 “(A) domestic farmers’ markets, roadside stands, community-supported agriculture  
27 programs, agritourism activities, and other direct producer-to-consumer market  
28 opportunities; and

29 “(B) local and regional food enterprises that are not direct producer-to-consumer  
30 markets but process, distribute, aggregate, store, and market locally or regionally  
31 produced food products.”;

32 (4) in subsection (c)(1)—

33 (A) by inserting “or other business entity” after “cooperative”; and

34 (B) by inserting “, including a community supported agriculture network or

1 association” after “association”;

2 (5) by redesignating subsection (e) as subsection (f);

3 (6) by inserting after subsection (d) the following:

4 “(e) Priorities.—In providing grants under the Program, priority shall be given to applications  
5 that include projects that—

6 “(1) benefit underserved communities;

7 “(2) develop market opportunities for small and mid-sized farm and ranch operations; and

8 “(3) include a strategic plan to maximize the use of funds to build capacity for local and  
9 regional food systems in a community.”;

10 (7) in subsection (f) (as redesignated by paragraph (5))—

11 (A) in paragraph (1)—

12 (i) in subparagraph (B), by striking “and” after the semicolon at the end;

13 (ii) in subparagraph (C), by striking the period at the end and inserting “; and”;

14 and

15 (iii) by adding at the end the following:

16 “(D) \$20,000,000 for each of fiscal years 2013 through 2017.”;

17 (B) by striking paragraphs (2) and (4);

18 (C) by redesignating paragraph (3) as paragraph (4);

19 (D) by inserting after paragraph (1) the following:

20 “(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under  
21 paragraph (1), there is authorized to be appropriated to carry out this section \$20,000,000  
22 for each of fiscal years 2013 through 2017.

23 “(3) USE OF FUNDS.—

24 “(A) IN GENERAL.—Of the funds made available to carry out the Program for each  
25 fiscal year, 50 percent shall be used for the purposes described in subsection (b)(1)(A)  
26 and 50 percent shall be used for the purposes described in subsection (b)(1)(B).

27 “(B) COST SHARE.—To be eligible to receive a grant for a project described in  
28 subsection (b)(1)(B), a recipient shall provide a match in the form of cash or in-kind  
29 contributions in an amount equal to 25 percent of the total cost of the project.”; and

30 (E) by adding at the end the following:

31 “(5) ADMINISTRATIVE EXPENSES.—Not more than 10 percent of the total amount made  
32 available to carry out this section for a fiscal year may be used for administrative expenses.

33 “(6) LIMITATIONS.—An eligible entity may not use a grant or other assistance provided  
34 under the Program for the purchase, construction, or rehabilitation of a building or  
35 structure.”.

## 36 SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION

## 1 AND PROGRAM EVALUATION.

2 (a) In General.—The Secretary shall—

3 (1) collect data on the production and marketing of locally or regionally produced  
4 agricultural food products;

5 (2) facilitate interagency collaboration and data sharing on programs related to local and  
6 regional food systems; and

7 (3) monitor the effectiveness of programs designed to expand or facilitate local food  
8 systems.

9 (b) Requirements.—In carrying out this section, the Secretary shall, at a minimum—

10 (1) collect and distribute comprehensive reporting of prices of locally or regionally  
11 produced agricultural food products;

12 (2) conduct surveys and analysis and publish reports relating to the production, handling,  
13 distribution, retail sales, and trend studies (including consumer purchasing patterns) of or on  
14 locally or regionally produced agricultural food products;

15 (3) evaluate the effectiveness of existing programs in growing local and regional food  
16 systems, including—

17 (A) the impact of local food systems on job creation and economic development;

18 (B) the level of participation in the Farmers' Market and Local Food Promotion  
19 Program established under section 6 of the Farmer-to-Consumer Direct Marketing Act  
20 of 1976 (7 U.S.C. 3005), including the percentage of projects funded in comparison to  
21 applicants and the types of eligible entities receiving funds;

22 (C) the ability for participants to leverage private capital and a synopsis of the places  
23 from which non-Federal funds are derived; and

24 (D) any additional resources required to aid in the development or expansion of  
25 local and regional food systems;

26 (4) expand the Agricultural Resource Management Survey to include questions on locally  
27 or regionally produced agricultural food products; and

28 ~~(6)~~(5) seek to establish or expand private-public partnerships to facilitate, to the  
29 maximum extent practicable, the collection of data on locally or regionally produced  
30 agricultural food products, including the development of a nationally coordinated and  
31 regionally balanced evaluation of the redevelopment of locally or regionally produced food  
32 systems.

33 (c) Report.—Not later than 1 year after the date of enactment of this Act and annually  
34 thereafter, the Secretary shall submit to the Committee on Agriculture of the House of  
35 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report  
36 describing the progress that has been made in implementing this section and identifying any  
37 additional needs related to developing local and regional food systems.

## 38 SEC. 10005. ORGANIC AGRICULTURE.

1 (a) Organic Production and Market Data Initiatives.—Section 7407 of the Farm Security and  
2 Rural Investment Act of 2002 (7 U.S.C. 5925c) is amended—

3 (1) in subsection (c)—

4 (A) in the matter preceding paragraph (1), by inserting “and annually thereafter”  
5 after “this subsection”;

6 (B) in paragraph (1), by striking “and” at the end;

7 (C) by redesignating paragraph (2) as paragraph (3); and

8 (D) by inserting after paragraph (1) the following:

9 “(2) describes how data collection agencies (such as the Agricultural Marketing Service  
10 and the National Agricultural Statistics Service) are coordinating with data user agencies  
11 (such as the Risk Management Agency) to ensure that data collected under this section can  
12 be used by data user agencies, including by the Risk Management Agency to offer price  
13 elections for all organic crops; and”; and

14 (2) in subsection (d)—

15 (A) by redesignating paragraph (2) as paragraph (3);

16 (B) by inserting after paragraph (1) the following:

17 “(2) MANDATORY FUNDING.—In addition to any funds available under paragraph (1), of  
18 the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this  
19 section \$5,000,000, to remain available until expended.”; and

20 (C) in paragraph (3) (as redesignated by subparagraph (A))—

21 (i) by striking “paragraph (1)” and inserting “paragraphs (1) and (2)”; and

22 (ii) by striking “2012” and inserting “2017”.

23 (b) Modernization and Technology Upgrade for National Organic Program.—Section 2123 of  
24 the Organic Foods Production Act of 1990 (7 U.S.C. 6522) is amended—

25 (1) in subsection (b)—

26 (A) in paragraph (5), by striking “and” at the end;

27 (B) by redesignating paragraph (6) as paragraph (7); and

28 (C) by inserting after paragraph (5) the following:

29 “(6) \$15,000,000 for each of fiscal years 2013 through 2017; and”; and

30 (2) by adding at the end the following:

31 “(c) Modernization and Technology Upgrade for National Organic Program.—

32 “(1) IN GENERAL.—The Secretary shall modernize database and technology systems of  
33 the national organic program.

34 “(2) FUNDING.—Of the funds of the Commodity Credit Corporation and in addition to  
35 any other funds made available for that purpose, the Secretary shall make available to carry  
36 out this subsection \$5,000,000 in fiscal year 2013, to remain available until expended.”.

1           **expended.**

2           **“(d) Report.—Not later than 180 days after the date of enactment of this subsection, the**  
3 **Secretary shall submit to the Committee on Agriculture of the House of Representatives**  
4 **and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—**

5           **“(1) describes the efforts of the Secretary to ensure that activities conducted through**  
6 **commodity research and promotion programs adequately reflect the priorities of all**  
7 **members of the applicable orders; and**

8           **“(2) includes an assessment of the feasibility of establishing an organic research and**  
9 **promotion program, including any current barriers to establishment and challenges**  
10 **related to implementation.”.**

## 11 **SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

12           Section 10105(c) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 7655a(c)) is  
13 amended by striking “2012” and inserting “2017”.

## 14 **SEC. 10007. CONSOLIDATION OF PLANT PEST AND** 15 **DISEASE MANAGEMENT AND DISASTER PREVENTION** 16 **PROGRAMS.**

17           (a) Relocation of Legislative Language Relating to National Clean Plant Network.—Section  
18 420 of the Plant Protection Act (7 U.S.C. 7721) is amended—

19           (1) by redesignating subsection (e) as subsection (f); and

20           (2) by inserting after subsection (d) the following:

21           **“(e) National Clean Plant Network.—**

22           **“(1) IN GENERAL.—The Secretary shall establish a program to be known as the ‘National**  
23 **Clean Plant Network’ (referred to in this subsection as the ‘Program’).**

24           **“(2) REQUIREMENTS.—Under the Program, the Secretary shall establish a network of**  
25 **clean plant centers for diagnostic and pathogen elimination services—**

26           **“(A) to produce clean propagative plant material; and**

27           **“(B) to maintain blocks of pathogen-tested plant material in sites located throughout**  
28 **the United States.**

29           **“(3) AVAILABILITY OF CLEAN PLANT SOURCE MATERIAL.—Clean plant source material**  
30 **produced or maintained under the Program may be made available to—**

31           **“(A) a State for a certified plant program of the State; and**

32           **“(B) private nurseries and producers.**

33           **“(4) CONSULTATION AND COLLABORATION.—In carrying out the Program, the Secretary**  
34 **shall—**

35           **“(A) consult with—**

36           **“(i) State departments of agriculture; and**

1                   “(ii) land-grant colleges and universities and NLGCA Institutions (as those  
2                   terms are defined in section 1404 of the National Agricultural Research,  
3                   Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)); and

4                   “(B) to the extent practicable and with input from the appropriate State officials and  
5                   industry representatives, use existing Federal or State facilities to serve as clean plant  
6                   centers.”.

7           (b) Funding.—Subsection (f) of section 420 of the Plant Protection Act (7 U.S.C. 7721) (as  
8           redesignated by subsection (a)(1)) is amended—

9                   (1) in paragraph (3), by striking “and” at the end;

10                   (2) in paragraph (4), by striking “and each fiscal year thereafter.” and inserting a  
11                   semicolon; and

12                   (3) by adding at the end the following:

13                   “(5) \$60,000,000 for each of fiscal years 2013 through 2016; and

14                   “(6) \$65,000,000 for fiscal year 2017 and each fiscal year thereafter.”.

15           (c) Repeal of Existing Provision.—Section 10202 of the Food, Conservation, and Energy Act  
16           of 2008 (7 U.S.C. 7761) is repealed.

17           (d) Clarification of Use of Funds for Technical Assistance.—Section 420 of the Plant  
18           Protection Act (7 U.S.C. 7721) (as amended by subsection (a)) is amended by adding at the end  
19           the following:

20                   “(g) Relationship to Other Law.—The use of Commodity Credit Corporation funds under this  
21                   section to provide technical assistance shall not be considered an allotment or fund transfer from  
22                   the Commodity Credit Corporation for purposes of the limit on expenditures for technical  
23                   assistance imposed by section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C.  
24                   714i).”.

## 25   **SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

26           Section 101 of the Specialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public  
27           Law 108–465) is amended—

28                   (1) in subsection (a)—

29                           (A) by striking “subsection (j)” and inserting “subsection (l)”; and

30                           (B) by striking “2012” and inserting “2017”;

31                   (2) by striking subsection (b) and inserting the following:

32                   “(b) Grants Based on Value and Acreage.—Subject to subsection (c), in the case of each State  
33                   with an application for a grant for a fiscal year that is accepted by the Secretary of Agriculture  
34                   under subsection (f), the amount of a grant for a fiscal year to a State under this section shall bear  
35                   the same ratio to the total amount made available under subsection (l) for that fiscal year as—

36                           “(1) the average of the most recent available value of specialty crop production in the  
37                           State and the acreage of specialty crop production in the State, as demonstrated in the most  
38                           recent Census of Agriculture data; bears to

1 “(2) the average of the most recent available value of specialty crop production in all  
2 States and the acreage of specialty crop production in all States, as demonstrated in the most  
3 recent Census of Agriculture data.”;

4 (3) by redesignating subsection (j) as subsection (l);

5 (4) by inserting after subsection (i) the following:

6 “(j) Multistate Projects.—

7 “(1) IN GENERAL.—Not later than 180 days after the date of enactment of the  
8 \_\_\_\_\_Agriculture Reform, Food, and Jobs Act of 2012, the Secretary of Agriculture shall  
9 issue guidance for the purpose of making grants to multistate projects under this section for  
10 projects involving—

11 “(A) food safety;

12 “(B) plant pests and disease;

13 “(C) crop-specific projects addressing common issues; and

14 “(D) any other area that furthers the purposes of this section, as determined by the  
15 Secretary.

16 “(2) FUNDING.—Of the funds provided under subsection (l), the Secretary of Agriculture  
17 may allocate for grants under this subsection, to remain available until expended—

18 “(A) \$1,000,000 for fiscal year 2013;

19 “(B) \$2,000,000 for fiscal year 2014;

20 “(C) \$3,000,000 for fiscal year 2015;

21 “(D) \$4,000,000 for fiscal year 2016; and

22 “(E) \$5,000,000 for fiscal year 2017.

23 “(k) Administration.—

24 “(1) DEPARTMENT.—The Secretary of Agriculture may not use more than 3 percent of the  
25 funds made available to carry out this section for a fiscal year for administrative expenses.

26 “(2) STATES.—A State receiving a grant under this section may not use more than 8  
27 percent of the funds received under the grant for a fiscal year for administrative expenses.”;  
28 and

29 (5) in subsection (l) (as redesignated by paragraph (3))—

30 (A) in paragraph (2), by striking “and” at the end;

31 (B) in paragraph (3), by striking the period at the end and inserting “; and”; and

32 (C) by adding at the end the following:

33 “(4) \$70,000,000 for fiscal year 2013 and each fiscal year thereafter.”.

34 **SEC. 10009. RECORDKEEPING, INVESTIGATIONS,**  
35 **AND ENFORCEMENT.**

1 The Organic Foods Production Act of 1990 is amended by inserting after section 2120 (7  
2 U.S.C. 6519) the following:

3 **“SEC. 2120A. RECORDKEEPING, INVESTIGATIONS,**  
4 **AND ENFORCEMENT.**

5 **“(a) Recordkeeping.—**

6 **“(1) IN GENERAL.—**Except as otherwise provided in this title, all persons, including  
7 producers, handlers, and certifying agents, required to report information to the  
8 Secretary under this title shall maintain, and make available to the Secretary on the  
9 request of the Secretary, all contracts, agreements, receipts, and other records  
10 associated with the organic certification program established by the Secretary under  
11 this title.

12 **“(2) DURATION OF RECORDKEEPING REQUIREMENT.—**A record covered by paragraph  
13 (1) shall be maintained—

14 **“(A) by a person covered by this title, except for a certifying agent, for a period**  
15 **of 5 years beginning on the date of the creation of the record; and**

16 **“(B) by a certifying agent, for a period of 10 years beginning on the date of the**  
17 **creation of the record.**

18 **“(b) Confidentiality.—**

19 **“(1) IN GENERAL.—**Subject to paragraph (2), and except as otherwise directed by the  
20 Secretary or the Attorney General for enforcement purposes, no officer, employee, or  
21 agent of the United States shall make available to the public information, statistics, or  
22 documents obtained from or made available by any person under this title, other than  
23 in a manner that ensures that confidentiality is preserved regarding the identity of  
24 persons, including parties to a contract, and proprietary business information.

25 **“(2) ALLEGED VIOLATORS AND NATURE OF ACTIONS.—**The Secretary may release the  
26 name of the alleged violator and the nature of the actions triggering an order,  
27 suspension, or revocation under subsection (e).

28 **“(c) Investigation.—**

29 **“(1) IN GENERAL.—**The Secretary may take such investigative actions as the  
30 Secretary considers to be necessary to carry out this title—

31 **“(A) to verify the accuracy of any information reported or made available**  
32 **under this title; and**

33 **“(B) to determine, with regard to actions, practices, or information required**  
34 **under this title, whether a person covered by this title has committed, or will**  
35 **commit, a violation of any provision of this title, including an order or regulation**  
36 **promulgated by the Secretary.**

37 **“(2) INVESTIGATIVE POWERS.—**The Secretary may administer oaths and  
38 affirmations, subpoena witnesses, compel attendance of witnesses, take evidence, and  
39 require the production of any books, papers, and documents that are relevant to the

1 investigation.

2 “(d) Unlawful Act.—It shall be unlawful and a violation of this title for any person  
3 covered by this title—

4 “(1) to fail or refuse to provide, or delay the timely provision of, accurate  
5 information required by the Secretary under this section;

6 “(2) to violate—

7 “(A) an order of the Secretary;

8 “(B) a suspension or revocation of the organic certification of a producer or  
9 handler; or

10 “(C) a suspension or revocation of the accreditation of a certifying agent; or

11 “(3) to sell, or attempt to sell, a product that is represented as being organically  
12 produced under this title if in fact the product has been produced or handled by an  
13 operation that is not yet a certified organic producer or handler under this title.

14 “(e) Enforcement.—

15 “(1) ORDER.—The Secretary may issue an order to stop the sale of an agricultural  
16 product that is labeled or otherwise represented as being organically produced—

17 “(A) until the product can be verified—

18 “(i) as meeting the national and State standards for organic production  
19 and handling as provided in sections 2105 through 2114;

20 “(ii) as having been produced or handled without the use of a prohibited  
21 substance listed under section 2118; and

22 “(iii) as being produced and handled by a certified organic operation; and

23 “(B) if a person has committed an unlawful act with respect to the product  
24 under subsection (d).

25 “(2) CERTIFICATION OR ACCREDITATION.—

26 “(A) SUSPENSION.—

27 “(i) IN GENERAL.—The Secretary may suspend the organic certification of  
28 a producer or handler, or accreditation of a certifying agent, for a period not  
29 to exceed 30 days, and may renew the suspension for an additional period,  
30 under the circumstances described in clause (ii).

31 “(ii) ACTIONS TRIGGERING SUSPENSION.—The Secretary may take the  
32 suspension or renewal actions described in clause (i), if the Secretary has  
33 reason to believe that a person producing or handling an agricultural  
34 product, or a certifying agent, has violated or is violating any provision of  
35 this title, including an order or regulation promulgated under this title.

36 “(iii) CONTINUATION OF SUSPENSION THROUGH APPEAL.—If the Secretary  
37 determines subsequent to an investigation that a violation of this title by a  
38 person covered by this title has occurred, the suspension shall remain in

1 effect until the Secretary issues a revocation of the certification of the person  
2 or of the accreditation of the certifying agent, covered by this title, after an  
3 expedited administrative appeal under section 2121 has been completed.

4 **“(B) REVOCATION.**—After notice and opportunity for an administrative appeal  
5 under section 2121, if a violation described in subparagraph (A)(ii) is determined  
6 to have occurred and is an unlawful act under subsection (d), the Secretary shall  
7 revoke the organic certification of the producer or handler, or the accreditation of  
8 the certifying agent.

9 **“(3) VIOLATION OF ORDER OR REVOCATION.**—A person who violates an order to stop  
10 the sale of a product as an organically produced product under paragraph (1), or a  
11 revocation of certification or accreditation under paragraph (2)(B), shall be subject to  
12 1 or more of the penalties provided in subsections (a) and (b) of section 2120.

13 **“(f) Appeal.**—

14 **“(1) IN GENERAL.**—An order under subsection (e)(1), or a revocation of certification  
15 or accreditation under subsection (e)(2)(B) shall be final and conclusive unless the  
16 affected person files an appeal of the order—

17 **“(A) first,** to the administrative appeals process established under section  
18 2121(a); and

19 **“(B) second,** if the affected person so elects, to a United States district court as  
20 provided in section 2121(b) not later than 30 days after the date of the  
21 determination under subparagraph (A).

22 **“(2) STANDARD.**—An order under subsection (e)(1), or a revocation of certification  
23 or accreditation under subsection (e)(2)(B), shall be set aside only if the order, or the  
24 revocation of certification or accreditation, is not supported by substantial evidence.

25 **“(g) Noncompliance.**—

26 **“(1) IN GENERAL.**—If a person covered by this title fails to obey an order, or a  
27 revocation of certification or accreditation, described in subsection (f)(2) after the  
28 order or revocation has become final and conclusive or after the appropriate United  
29 States district court has entered a final judgment in favor of the Secretary, the United  
30 States may apply to the appropriate United States district court for enforcement of the  
31 order, or the revocation of certification or accreditation.

32 **“(2) ENFORCEMENT.**—If the court determines that the order or revocation was  
33 lawfully made and duly served and that the person violated the order or revocation,  
34 the court shall enforce the order or revocation.

35 **“(3) CIVIL PENALTY.**—If the court finds that the person violated the order or  
36 revocation, the person shall be subject to a civil penalty of not more than \$10,000 for  
37 each offense.”.

## 38 **SEC. 10010. REPORT ON HONEY.**

39 **(a) In General.**—Not later than 180 days after the date of enactment of this Act, the  
40 Secretary, in consultation with affected stakeholders, shall submit to the Commissioner of

1 **Food and Drugs a report describing how an appropriate Federal standard for the identity**  
2 **of honey would promote honesty and fair dealing and would be in the interest of**  
3 **consumers, the honey industry, and United States agriculture.**

4 **(b) Contents.—In preparing the report under subsection (a), the Secretary shall take into**  
5 **consideration the March 2006 Standard of Identity citizens petition filed with the Food and**  
6 **Drug Administration, including any current industry amendments or clarifications**  
7 **necessary to update that 2006 petition.**

8 **SEC. 10011. EFFECTIVE DATE.**

9 This title and the amendments made by this title take effect on October 1, 2012.

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## TITLE XI—CROP INSURANCE [COMPLETE SUBSTITUTE AMENDMENT]

### SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.

(a) Availability of Supplemental Coverage Option.—Section 508(c) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amended by striking paragraph (3) and inserting the following:

“(3) YIELD AND LOSS BASIS OPTIONS.—A producer shall have the option of purchasing additional coverage based on—

“(A)(i) an individual yield and loss basis; or

“(ii) an area yield and loss basis; ~~or~~

“(B) an individual yield and loss basis, supplemented with coverage based on an area yield and loss basis to cover all or a part of the deductible under the individual yield and loss policy, as authorized in paragraph ~~(4)(C)~~.”

**(4)(C); or**

**“(C) a margin basis.”.**

(b) Level of Coverage.—Section 508(c) of the Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amended by striking paragraph (4) and inserting the following:

“(4) LEVEL OF COVERAGE.—

“(A) DOLLAR DENOMINATION AND PERCENTAGE OF YIELD.—Except as provided in subparagraph (C), the level of coverage—

“(i) shall be dollar denominated; and

“(ii) may be purchased at any level not to exceed 85 percent of the individual yield or 95 percent of the area yield (as determined by the Corporation).

“(B) INFORMATION.—The Corporation shall provide producers with information on catastrophic risk and additional coverage in terms of dollar coverage (within the allowable limits of coverage provided in this paragraph).

“(C) SUPPLEMENTAL COVERAGE OPTION.—

“(i) IN GENERAL.—Notwithstanding subparagraph (A), in the case of the supplemental coverage option described in paragraph (3)(B), the Corporation shall offer producers the opportunity to purchase coverage in combination with a policy or plan of insurance offered under this subtitle that would allow indemnities to be paid to a producer equal to all or part of the deductible under the policy or plan of insurance, if sufficient area data is available (as determined by the Corporation).

“(ii) TRIGGER.—Coverage offered under this subparagraph shall be triggered

1 only if the losses in the area exceed 10 percent of normal levels (as determined by  
2 the Corporation).

3 “(iii) COVERAGE.—Subject to the trigger described in clause (ii) and the  
4 deductible imposed by clause (iv), coverage offered under this subparagraph shall  
5 cover the first loss incurred by the producer, not to exceed the difference  
6 between—

7 “(I) 100 percent; and

8 “(II) the coverage level selected by the producer for the underlying policy  
9 or plan of insurance.

10 “(iv) DEDUCTIBLE.—Coverage offered under this subparagraph shall be subject  
11 to a deductible in an amount equal to, in the case of a producer who participates in  
12 the agriculture risk coverage program under section 1105(c) of the  
13 —Agriculture Reform, Food, and Jobs Act of 2012, ~~20~~ **21** percent of the  
14 expected value of the crop of the producer covered by the underlying policy or  
15 plan of insurance, as determined by the Corporation.

16 “(v) CALCULATION OF PREMIUM.—Notwithstanding subsection (d), the  
17 premium shall—

18 “(I) be sufficient to cover anticipated losses and a reasonable reserve; and

19 “(II) include an amount for operating and administrative expenses  
20 established in accordance with subsection (k)(4)(F).”.

21 (c) Payment of Portion of Premium by Corporation.—Section 508(e)(2) of the Federal Crop  
22 Insurance Act (7 U.S.C. 1508(e)(2)) is amended by adding at the end the following:

23 “(H) In the case of the supplemental coverage option authorized in subsection  
24 (c)(4)(C), the amount shall be equal to the sum of—

25 “(i) ~~not less than~~ 70 percent of the additional premium associated with the  
26 coverage; and

27 “(ii) the amount determined under subsection ~~(c)(4)(C)(vi)~~ ~~(H)~~ ~~(c)(4)(C)(v)~~ ~~(II)~~  
28 for the coverage to cover operating and administrative expenses.”.

29 (d) Conforming Amendment.—Section 508(k)(4)(F) of the Federal Crop Insurance Act (7  
30 U.S.C. 1508(k)(4)(F)) is amended by inserting “or authorized under subsection (c)(4)(C)” after  
31 “of this subparagraph”.

32 (e) Effective Date.—The Federal Crop Insurance Corporation shall begin to provide additional  
33 coverage based on an individual yield and loss basis, supplemented with coverage based on an  
34 area yield and loss basis, not later than for the 2013 crop year.

## 35 **SEC. 11002. PREMIUM AMOUNTS FOR** 36 **CATASTROPHIC RISK PROTECTION.**

37 **Section 508(d)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(d)(2)) is amended by**  
38 **striking subparagraph (A) and inserting the following:**

39 **“(A) In the case of catastrophic risk protection, the amount of the premium**

1           **established by the Corporation for each crop for which catastrophic risk**  
2           **protection is available shall be reduced by the percentage equal to the difference**  
3           **between the average loss ratio for the crop and 100 percent, plus a reasonable**  
4           **reserve.”.**

## 5   **SEC. 11003. PERMANENT ENTERPRISE UNIT.**

6           Section 508(e)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(5)) is amended by  
7           striking subparagraph (A) and inserting the following:

8                   “(A) IN GENERAL.—The Corporation may pay a portion of the premiums for plans or  
9                   policies of insurance for which the insurable unit is defined on a whole farm or  
10                   enterprise unit basis that is higher than would otherwise be paid in accordance with  
11                   paragraph (2).”.

## 12   ~~SEC. 11003~~ **11004. ENTERPRISE UNITS FOR IRRIGATED** 13   **AND NONIRRIGATED CROPS.**

14           Section 508(e)(5) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(5)) is amended by  
15           adding at the end the following:

16                   “(D) NONIRRIGATED CROPS.—Beginning with the 2013 crop year, the Corporation  
17                   shall make available separate enterprise units for irrigated and nonirrigated acreages of  
18                   crops in counties.”.

## 19   ~~SEC. 11004~~ **11005. DATA COLLECTION.**

20           Section 508(g)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)(2)) is amended by  
21           adding at the end the following:

22                   “(E) SOURCES OF YIELD DATA.—To determine yields under this paragraph, the  
23                   Corporation—

24                           “(i) shall use county data collected by the Risk Management Agency or the  
25                           National Agricultural Statistics Service, or both; or

26                           “(ii) if sufficient county data is not available, may use other data considered  
27                           appropriate by the Secretary.”.

## 28   ~~SEC. 11005~~ **11006. ADJUSTMENT IN ACTUAL** 29   **PRODUCTION HISTORY TO ESTABLISH INSURABLE** 30   **YIELDS.**

31           Section 508(g)(4)(B) of the Federal Crop Insurance Act (7 U.S.C. 1508(g)(4)(B)) is  
32           amended—

33                   (1) in the matter preceding clause (i), by inserting “for the 2012 crop year or any prior  
34                   crop year, or 70 percent of the applicable transitional yield for the 2013 or any subsequent  
35                   crop year,” after “transitional yield”; and

36                   (2) in clause (ii), by striking “60 percent of the applicable transitional yield” and inserting

1 “the applicable percentage of the transitional yield described in this subparagraph”.

2 **SEC. ~~11006~~ 11007. SUBMISSION AND REVIEW OF**  
3 **POLICIES.**

4 Section 508(h)(1) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)(1)) is amended—

5 (1) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and  
6 indenting appropriately;

7 (2) by striking “(1) IN GENERAL.—” and inserting the following:

8 “(1) SUBMISSION AND REVIEW OF POLICIES.—

9 “(A) SUBMISSIONS.—In addition”; and

10 (3) by adding at the end the following:

11 “(B) REVIEW.—The Corporation shall review any policy developed under section  
12 522(c) or any pilot program developed under section 523 and submit the policy or  
13 program to the Board under this subsection if the Corporation, at the sole discretion of  
14 the Corporation, finds that the policy or program—

15 “(i) will likely result in a viable and marketable policy consistent with this  
16 subsection;

17 “(ii) would provide crop insurance coverage in a significantly improved form;  
18 and

19 “(iii) adequately protects the interests of producers.”.

20 **SEC. ~~11007~~ 11008. BOARD REVIEW AND APPROVAL.**

21 (a) Review and Approval by the Board.—Section 508(h) of the Federal Crop Insurance Act (7  
22 U.S.C. 1508(h)) is amended by striking paragraph (3) and inserting the following:

23 “(3) REVIEW AND APPROVAL BY THE BOARD.—

24 “(A) IN GENERAL.—A policy, plan of insurance, or other material submitted to the  
25 Board under this subsection shall be reviewed by the Board and shall be approved by  
26 the Board for reinsurance and for sale by approved insurance providers to producers at  
27 actuarially appropriate rates and under appropriate terms and conditions if the Board,  
28 at the sole discretion of the Board, determines that—

29 “(i) the interests of producers are adequately protected;

30 “(ii) the rates of premium and price election methodology are actuarially  
31 appropriate;

32 “(iii) the terms and conditions for the proposed policy or plan of insurance are  
33 appropriate and would not unfairly discriminate among producers;

34 “(iv) the proposed policy or plan of insurance will, at the sole discretion of the  
35 Board—

36 “(I) likely result in a viable and marketable policy that can reasonably

1           attain levels of participation similar to other like policies or plans of  
2           insurance;

3           “(II) provide crop insurance coverage in a significantly improved form or  
4           in a manner that addresses a recognized flaw or problem in an existing  
5           policy; or

6           “(III) provide a new kind of coverage for a commodity that previously had  
7           no available crop insurance, or has demonstrated a low level of participation  
8           under existing coverage;

9           “(v) the proposed policy or plan of insurance will, at the sole discretion of the  
10          Board, not have a significant adverse impact on the crop insurance delivery  
11          system; and

12          “(vi) the proposed policy or plan of insurance meets such other requirements as  
13          are determined appropriate by the Board.

14         “(B) PRIORITIES.—

15           “(i) ESTABLISHMENT.—The Board, at the sole discretion of the Board, may—

16           “(I) annually establish priorities under this subsection that specify types of  
17           submissions needed to fulfill the portfolio of policies or plans of insurance to  
18           be reviewed and approved under this subsection; and

19           “(II) make the priorities available on the website of the Corporation.

20          “(ii) PROCESS.—

21           “(I) IN GENERAL.—Policies or plans of insurance that satisfy the priorities  
22           established by the Board under this subsection shall be considered by the  
23           Board for approval prior to other submissions.

24           “(II) CONSIDERATIONS.—In approving policies or plans of insurance, the  
25           Board shall—

26           “(aa) consider providing the highest priorities for policies or plans of  
27           insurance that address underserved commodities, including  
28           commodities for which there is no insurance; and

29           “(bb) consider providing the highest priorities for existing policies for  
30           which there is inadequate coverage or there exists low levels of  
31           participation.

32          “(iii) OTHER CRITERIA.—The Board may establish such other criteria as the  
33          Board determines to meet the needs of producers and the priorities of this  
34          subsection, consistent with the purposes of this subtitle.”.

## 35     SEC. ~~11008~~ 11009. CONSULTATION.

36         Section 508(h)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(h)) is amended by adding  
37         at the end the following:

38           “(E) CONSULTATION.—

1           “(i) REQUIREMENT.—As part of the feasibility and research associated with the  
2 development of a policy or other material conducted prior to making a submission  
3 to the Board under this subsection, the submitter shall consult with groups  
4 representing producers of agricultural commodities in all major producing areas  
5 for the commodities to be served or potentially impacted, either directly or  
6 indirectly.

7           “(ii) SUBMISSION TO THE BOARD.—Any submission made to the Board under  
8 this subsection shall contain a summary and analysis of the feasibility and  
9 research findings from the impacted groups described in clause (i), including a  
10 summary assessment of the support for or against development of the policy and  
11 an assessment on the impact of the proposed policy to the general marketing and  
12 production of the crop from both a regional and national perspective.

13           “(iii) EVALUATION BY THE BOARD.—In evaluating whether the interests of  
14 producers are adequately protected pursuant to paragraph (3) with respect to an  
15 submission made under this subsection, the Board shall review the information  
16 provided pursuant to clause (ii) to determine if the submission will create adverse  
17 market distortions with respect to the production of commodities that are the  
18 subject of the submission.”.

19 **SEC. ~~11009~~ 11010. BUDGET LIMITATIONS ON**  
20 **RENEGOTIATION OF THE STANDARD REINSURANCE**  
21 **AGREEMENT.**

22       Section 508(k)(8) of the Federal Crop Insurance Act of 1938 (7 U.S.C. 1508(k)(8)) is  
23 amended by adding at the end the following:

24           “(F) BUDGET.—

25           “(i) IN GENERAL.—The Board shall ensure that any Standard Reinsurance  
26 Agreement negotiated under subparagraph (A)(ii), as compared to the previous  
27 Standard Reinsurance Agreement—

28           “(I) to the maximum extent practicable, shall be budget neutral; and

29           “(II) in no event, may significantly depart from budget neutrality.

30           “(ii) USE OF SAVINGS.—To the extent that any budget savings is realized in the  
31 renegotiation of a Standard Reinsurance Agreement under subparagraph (A)(ii),  
32 and the savings are determined not to be a significant departure from budget  
33 neutrality under clause (i), the savings shall be used for programs administered or  
34 managed by the Risk Management Agency.”.

35 **SEC. ~~11010~~ 11011. STACKED INCOME PROTECTION**  
36 **PLAN FOR PRODUCERS OF UPLAND COTTON.**

37       (a) Availability of Stacked Income Protection Plan.—The Federal Crop Insurance Act is  
38 amended by inserting after section 508A (7 U.S.C. 1508a) the following:

1 “SEC. 508B. STACKED INCOME PROTECTION PLAN FOR  
2 PRODUCERS OF UPLAND COTTON.

3 “(a) Availability.—Beginning not later than the 2013 crop of upland cotton, if practicable, the  
4 Corporation shall make available to producers of maximum eligible acres of upland cotton an  
5 additional policy (to be known as the ‘Stacked Income Protection Plan’), which shall provide  
6 coverage consistent with the Group Risk Income Protection Plan (and the associated Harvest  
7 Revenue Option Endorsement) offered by the Corporation for the 2011 crop year.

8 “(b) Required Terms.—The Corporation may modify the Stacked Income Protection Plan on a  
9 program-wide basis, except that the Stacked Income Protection Plan shall comply with the  
10 following requirements:

11 “(1) Provide coverage for revenue loss of not ~~less than 10 percent and not~~ more than 30  
12 percent of expected county revenue, specified in increments of 5 percent. The deductible is  
13 the minimum percent of revenue loss at which indemnities are triggered under the plan, not  
14 to be less than 10 percent of the expected county revenue.

15 “(2) Be offered to producers of upland cotton in all counties with upland cotton  
16 production—

17 “(A) at a county-wide level to the fullest extent practicable; or

18 “(B) in counties that lack sufficient data, on the basis of such larger geographical  
19 area as the Corporation determines to provide sufficient data for purposes of providing  
20 the coverage.

21 “(3) Be purchased in addition to any other individual or area coverage in effect on the  
22 producer’s acreage or as a stand-alone policy, except that if a producer has an individual or  
23 area coverage for the same acreage, the maximum coverage available under the Stacked  
24 Income Protection Plan shall not exceed the deductible for the individual or area coverage.

25 “(4) Establish coverage based on—

26 “(A) an expected price that is ~~the higher of—~~

27 “(i) the expected price established under existing Group Risk Income Protection or  
28 area wide policy offered by the Corporation for the applicable county (or area) and  
29 crop year; ~~or~~

30 “(ii) ~~65 cents per pound~~; and

31 “(B) an expected county yield that is the higher of—

32 “(i) the expected county yield established for the existing area-wide plans  
33 offered by the Corporation for the applicable county (or area) and crop year (or, in  
34 geographic areas where area-wide plans are not offered, an expected yield  
35 determined in a manner consistent with those of area-wide plans); or

36 “(ii)(I) the average of the applicable yield data for the county (or area) for the  
37 most recent 5 years, excluding the highest and lowest observations, from the Risk  
38 Management Agency or the National Agricultural Statistics, or both; or

39 “(II) if sufficient county data is not available, such other data considered

1 appropriate by the Secretary.

2 “(5) Use a multiplier factor to establish maximum protection per acre (referred to as a  
3 ‘protection factor’) of not less than the higher of the level established on a program wide-  
4 basis or **more than** 120 percent.

5 “(6) Pay an indemnity based on the amount that the expected county revenue exceeds the  
6 actual county revenue, as applied to the individual coverage of the producer. Indemnities  
7 under the Stacked Income Protection Plan shall not include or overlap the amount of the  
8 deductible selected under paragraph (1).

9 “(7) ~~In~~ **To the maximum extent practicable, in** all counties for which data are available,  
10 establish separate coverage levels for irrigated and nonirrigated practices.

11 “(8) Notwithstanding section 508(d), include a premium that—

12 “(A) is sufficient to cover anticipated losses and a reasonable reserve; and

13 “(B) includes an amount for operating and administrative expenses established in  
14 accordance with section 508(k)(4)(F).

15 “(c) ~~Reinsurance.—When the \$.65 reference price is equal to or greater than the expected~~  
16 ~~price established under the existing Group Risk Income Protection or area wide policy offered by~~  
17 ~~the Corporation for the applicable county (or area) and crop year or the yield established under~~  
18 ~~subsection (b)(4)(B) is used to establish the expected county yield, the Corporation shall reinsure~~  
19 ~~at 100 percent that portion of the indemnity that is attributable to the difference between—~~

20 ~~“(1) the \$.65 reference price and the expected price established under the existing Group Risk~~  
21 ~~Income Protection or area wide policy offered by the Corporation for the applicable county (or~~  
22 ~~area) and crop year; and~~

23 ~~“(2) the yield established under subsections (b)(4)(A) and (b)(4)(B) shall be 100 percent~~  
24 ~~reinsured by the Corporation.~~

25 “(d) ~~Relation to Other Coverages.—~~

26 “(1) ~~IN GENERAL.—~~Except as provided in paragraph (2), the Stacked Income Protection  
27 Plan is in addition to all other coverages available to producers of upland cotton.

28 “(2) ~~LIMITATION.—~~A **PRODUCER LIMITATION.—Acreage** of upland cotton ~~that~~  
29 ~~participates in insured under~~ the Supplemental Coverage Option shall not be eligible for  
30 the Stacked Income Protection Plan.

31  
32 “(e) ~~Eligible Acres.—~~

33 “(1) ~~Definition of eligible acres.—~~In this subsection, the term ‘eligible acres’ means all acres  
34 ~~planted or prevented from being planted to upland cotton on a farm in any crop year.~~

35 “(2) ~~Maximum eligible acres to address world trade organization concerns.—~~The total  
36 ~~quantity of eligible acres on a farm determined under paragraph (1) shall not exceed the average~~  
37 ~~total acres planted or prevented from being planted to upland cotton on the farm for the 2009-~~  
38 ~~through 2012 crop years, as determined by the Secretary, plus any adjustment under paragraph~~  
39 ~~(3).~~

1 ~~“(3) Conservation reserve program acres adjustment.—If a conservation reserve contract for a~~  
2 ~~farm in a county entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C.~~  
3 ~~3831) expires or is voluntarily terminated or cropland is released from coverage under a~~  
4 ~~conservation reserve contract, the Secretary shall provide for an adjustment, as appropriate, in~~  
5 ~~the maximum eligible acres for upland cotton for the farm to a total quantity that is the higher~~  
6 ~~of—~~

7 ~~“(A) the total upland cotton base acreage for the farm that was suspended during the~~  
8 ~~conservation reserve contract; or~~

9 ~~“(B) the product obtained by multiplying—~~

10 ~~“(i) the average proportion that—~~

11 ~~“(I) the total number of acres planted to upland cotton in the county for crop years 2009~~  
12 ~~through 2012; bears to~~

13 ~~“(II) the total number of all acres of planted covered commodities, grassland, and upland~~  
14 ~~cotton acres in the county for the same crop years; by~~

15 ~~“(ii) the total acres on the farm that were under the conservation reserve contract.~~

16 ~~“(f)“(d) Payment of Portion of Premium by Corporation.—Subject to section 508(e)(4), the~~  
17 ~~amount of premium paid by the Corporation for all qualifying coverage levels of the Stacked~~  
18 ~~Income Protection Plan shall be—~~

19 ~~“(1) 80 percent of the amount of the premium established under subsection (b)(8)(A) for~~  
20 ~~the coverage level selected; and~~

21 ~~“(2) the amount determined under subsection (b)(8)(B) to cover administrative and~~  
22 ~~operating expenses.”.~~

23 (b) Conforming Amendment.—Section 508(k)(4)(F) of the Federal Crop Insurance Act (7  
24 U.S.C. 1508(k)(4)(F)) (as amended by section 11001(d)) is amended by inserting “or under  
25 section 508B” after “subsection (c)(4)(C)”.

## 26 ~~SEC. 41011~~ **11012. PEANUT REVENUE CROP** 27 **INSURANCE.**

28 The Federal Crop Insurance Act is amended by inserting after section 508B (as added by  
29 section ~~41010(a)~~ **11011(a)**) the following:

### 30 **“SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

31 **“(a) In General.—**Effective beginning with the 2013 crop year, the Risk Management Agency  
32 and the Corporation shall make available to producers of peanuts a revenue crop insurance  
33 program for peanuts.

34 **“(b) Effective Price.—**

35 **“(1) IN GENERAL.—**Subject to paragraph (2), for purposes of the revenue crop insurance  
36 program and the multiperil crop insurance program under this Act, the effective price for  
37 peanuts shall be equal to the Rotterdam price index for peanuts, as adjusted to reflect the  
38 farmer stock price of peanuts in the United States.

1 “(2) ADJUSTMENTS.—

2 “(A) IN GENERAL.—The effective price for peanuts established under paragraph (1)  
3 may be adjusted by the Risk Management Agency and the Corporation to correct  
4 distortions.

5 “(B) ADMINISTRATION.—If an adjustment is made under subparagraph (A), the Risk  
6 Management Agency and the Corporation shall—

7 “(i) make the adjustment in an open and transparent manner; and

8 “(ii) submit to the Committee on Agriculture of the House of Representatives  
9 and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report  
10 that describes the reasons for the adjustment.”.

## 11 **SEC. ~~11012~~ 11013. AUTHORITY TO CORRECT ERRORS.**

12 Section 515(c) of the Federal Crop Insurance Act (7 U.S.C. 1515(c)) is amended—

13 (1) in the first sentence, by striking “The Secretary” and inserting the following:

14 “(1) IN GENERAL.—The Secretary”;

15 (2) in the second sentence, by striking “Beginning with” and inserting the following:

16 “(2) FREQUENCY.—Beginning with”; and

17 (3) by adding at the end the following:

18 “(3) CORRECTIONS.—

19 “(A) IN GENERAL.—The Corporation shall establish procedures that allow an agent  
20 and approved insurance provider within a reasonable amount of time following the  
21 applicable sales closing date to correct information regarding the entity name, social  
22 security number, tax identification number, or such other eligibility information as  
23 determined by the Corporation that is provided by a producer for the purpose of  
24 obtaining coverage under any policy or plan of insurance made available under this  
25 subtitle to ensure that the eligibility information is consistent with the information  
26 reported by the producer to the Farm Service Agency.

27 “(B) LIMITATION.—In accordance with the procedures of the Corporation,  
28 procedures under subparagraph (A) may include any subsequent correction to the  
29 eligibility information described in that subparagraph made by the Farm Service  
30 Agency if the corrections do not allow the producer—

31 “(i) to obtain a disproportionate benefit under the crop insurance program or  
32 any related program of the Department of Agriculture;

33 “(ii) to avoid ineligibility requirements for insurance; or

34 “(iii) to avoid an obligation or requirement under any Federal or State law.”.

## 35 **SEC. ~~11013~~ 11014. IMPLEMENTATION.**

36 Section 515 of the Federal Crop Insurance Act (7 U.S.C. 1515) is amended—

37 (1) in subsection (j), by striking paragraph (1) and inserting the following:

1 “(1) SYSTEMS MAINTENANCE AND UPGRADES.—

2 “(A) IN GENERAL.—The Secretary shall maintain and upgrade the information  
3 management systems of the Corporation used in the administration and enforcement of  
4 this subtitle.

5 “(B) REQUIREMENT.—

6 “(i) IN GENERAL.—In maintaining and upgrading the systems, the Secretary  
7 shall ensure that new hardware and software are compatible with the hardware  
8 and software used by other agencies of the Department to maximize data sharing  
9 and promote the purposes of this section.

10 “(ii) ACREAGE REPORT STREAMLINING INITIATIVE PROJECT.—As soon as  
11 practicable, the Secretary shall develop and implement an acreage report  
12 streamlining initiative project to allow producers to report acreage and other  
13 information directly to the Department.”; and

14 (2) in subsection (k), by striking paragraph (1) and inserting the following:

15 “(1) INFORMATION TECHNOLOGY.—

16 “(A) IN GENERAL.—For purposes of subsection (j)(1), the Corporation may use,  
17 from amounts made available from the insurance fund established under section  
18 516(c), not more than—

19 “(i)(I) for fiscal year 2013, \$25,000,000; and

20 “(II) for each of fiscal years 2014 through 2017, \$10,000,000; or

21 “(ii) if the Acreage Crop Reporting Streamlining Initiative (ACRSI) project is  
22 substantially completed by September 30, 2013, not more than \$15,000,000 for  
23 each of fiscal years 2014 through 2017.

24 “(B) NOTIFICATION.—Not later than July 1, 2013, the Secretary shall notify the  
25 Committee on Agriculture of the House of Representatives and the Committee on  
26 Agriculture, Nutrition, and Forestry of the Senate on the status of the substantial  
27 completion of the Acreage Crop Reporting Streamlining Initiative (ACRSI) project.”.

## 28 **SEC. ~~11014~~ 11015. APPROVAL OF COSTS FOR RESEARCH** 29 **AND DEVELOPMENT.**

30 Section 522(b)(2) of the Federal Crop Insurance Act (7 U.S.C. 1522(b)(2)) is amended by  
31 striking subparagraph (E) and inserting the following:

32 “(E) APPROVAL.—

33 “(i) IN GENERAL.—The Board may approve up to 50 percent of the projected  
34 total research and development costs to be paid in advance to an applicant, in  
35 accordance with the procedures developed by the Board for the making of the  
36 payments, if, after consideration of the reviewer reports described in subparagraph  
37 (D) and such other information as the Board determines appropriate, the Board  
38 determines that—

39 “(I) the concept, in good faith, will likely result in a viable and marketable

1 policy consistent with section 508(h);

2 “(II) at the sole discretion of the Board, the concept, if developed into a  
3 policy and approved by the Board, would provide crop insurance coverage—

4 “(aa) in a significantly improved form or that addresses a unique need  
5 of agricultural producers;

6 “(bb) to a crop or region not traditionally served by the Federal crop  
7 insurance program; or

8 “(cc) in a form that addresses a recognized flaw or problem in the  
9 program;

10 “(III) the applicant agrees to provide such reports as the Corporation  
11 determines are necessary to monitor the development effort;

12 “(IV) the proposed budget and timetable are reasonable, as determined by  
13 the Board; and

14 “(V) the concept proposal meets any other requirements that the Board  
15 determines appropriate.

16 “(ii) WAIVER.—The Board may waive the 50-percent limitation and, upon  
17 request of the submitter after the submitter has begun research and development  
18 activities, the Board may approve an additional 25 percent advance payment to  
19 the submitter for research and development costs, if, at the sole discretion of the  
20 Board, the Board determines that—

21 “(I) the intended policy or plan of insurance developed by the submitter  
22 will provide coverage for a region or crop that is underserved by the Federal  
23 crop insurance program, including specialty crops;

24 “(II) the submitter is making satisfactory progress towards developing a  
25 viable and marketable policy or plan of insurance consistent with section  
26 508(h); and

27 “(III) the submitter does not have sufficient financial resources to  
28 complete the development of the submission into a viable and marketable  
29 policy or plan of insurance consistent with section 508(h).”.

30 **SEC. ~~41015~~ 11016. WHOLE FARM RISK MANAGEMENT**  
31 **INSURANCE.**

32 Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is amended by adding at  
33 the end the following:

34 “(18) WHOLE FARM DIVERSIFIED RISK MANAGEMENT INSURANCE PLAN.—

35 “(A) IN GENERAL.—The Corporation shall conduct activities or enter into contracts  
36 to carry out research and development to develop a whole farm risk management  
37 insurance plan, with a liability limitation of \$1,500,000, that allows a diversified crop  
38 or livestock producer the option to qualify for an indemnity if actual gross farm  
39 revenue is below 85 percent of the average gross farm revenue or the expected gross

1 farm revenue that can reasonably be expected of the producer.

2 “(B) ELIGIBLE PRODUCERS.—The Corporation shall permit producers (including  
3 direct-to-consumer marketers, and producers servicing local and regional and farm  
4 identity-preserved markets) who produce multiple agricultural commodities, including  
5 specialty crops, industrial crops, livestock, and aquaculture products, to participate in  
6 the plan in lieu of any other plan under this subtitle.

7 “(C) DIVERSIFICATION.—The Corporation may provide diversification-based  
8 additional coverage payment rates, premium discounts, or other enhanced benefits in  
9 recognition of the risk management benefits of crop and livestock diversification  
10 strategies for producers that grow multiple crops or that may have income from the  
11 production of livestock that uses a crop grown on the farm.

12 “(D) MARKET READINESS.—The Corporation may include coverage for the value of  
13 any packing, packaging, or any other similar on-farm activity the Corporation  
14 determines to be the minimum required in order to remove the commodity from the  
15 field.

16 “(E) REPORT.—Not later than 2 years after the date of enactment of this paragraph,  
17 the Corporation shall submit to the Committee on Agriculture of the House of  
18 Representatives and the Committee on Agriculture, Nutrition, and Forestry of the  
19 Senate a report that describes the results and feasibility of the research and  
20 development conducted under this paragraph, including an analysis of potential  
21 adverse market distortions.”.

## 22 **SEC. ~~11016~~ 11017. CROP INSURANCE FOR LIVESTOCK.**

23 **Section 522(c) of the Federal Crop Insurance Act (as amended by section 11016) is**  
24 **amended by adding at the end the following:**

25 **“(19) STUDY ON SWINE CATASTROPHIC DISEASE PROGRAM.—**

26 **“(A) IN GENERAL.—The Corporation shall contract with a qualified person to**  
27 **conduct a study to determine the feasibility of insuring swine producers for a**  
28 **catastrophic event.**

29 **“(B) REPORT.—Not later than 1 year after the date of the enactment of this**  
30 **paragraph, the Corporation shall submit to the Committee on Agriculture of the**  
31 **House of Representatives and the Committee on Agriculture, Nutrition, and**  
32 **Forestry of the Senate a report that describes the results of the study conducted**  
33 **under subparagraph (A).”.**

## 34 **SEC. 11018. MARGIN COVERAGE FOR CATFISH.**

35 **Section 522(c) of the Federal Crop Insurance Act (as amended by section 11017) is**  
36 **amended by adding at the end the following:**

37 **“(20) MARGIN COVERAGE FOR CATFISH.—**

38 **“(A) IN GENERAL.—The Corporation shall offer to enter into a contract with a**  
39 **qualified entity to conduct research and development regarding a policy to insure**  
40 **producers against reduction in the margin between the market value of catfish**

1           **and selected costs incurred in the production of catfish.**

2           **“(B) ELIGIBILITY.—Eligibility for the policy described in subparagraph (A)**  
3 **shall be limited to freshwater species of catfish that are propagated and reared in**  
4 **controlled or selected environments.**

5           **“(C) IMPLEMENTATION.—The Board shall review the policy described in**  
6 **subparagraph (B) under subsection 508(h) and approve the policy if the Board**  
7 **finds that the policy—**

8                   **“(i) will likely result in a viable and marketable policy consistent with this**  
9 **subsection;**

10                   **“(ii) would provide crop insurance coverage in a significantly improved**  
11 **form;**

12                   **“(iii) adequately protects the interests of producers; and**

13                   **“(iv) the proposed policy meets other requirements of this subtitle**  
14 **determined appropriate by the Board.”.**

## 15 **SEC. 11019. RESEARCH AND DEVELOPMENT.**

16           (a) In General.—Section 522(c) of the Federal Crop Insurance Act (7 U.S.C. 1522(c)) is  
17 amended—

18                   (1) in the subsection heading, by striking “Contracting”;

19                   (2) in paragraph (1), in the matter preceding subparagraph (A), by striking “may enter  
20 into contracts to carry out research and development to” and inserting “may conduct  
21 activities or enter into contracts to carry out research and development to maintain or  
22 improve existing policies or develop new policies to”;

23                   (3) in paragraph (2)—

24                           (A) in subparagraph (A), by inserting “conduct research and development or” after  
25 “The Corporation may”; and

26                           (B) by striking subparagraph (B) and inserting the following:

27                                   **“(B) CONSULTATION.—Before conducting research and development or entering**  
28 **into a contract under subparagraph (A), the Corporation shall follow the consultation**  
29 **requirements described in section 508(h)(4)(E).”;**

30                   (4) in paragraph (5), by inserting “after expert review in accordance with section 505(e)  
31 and procedures of the Board” after “approved by the Board”; and

32                   (5) in paragraph (6), by striking “a pasture, range, and forage program” and inserting  
33 “policies that increase participation by producers of underserved agricultural commodities,  
34 including sweet sorghum, sorghum for biomass, specialty crops, sugarcane, and dedicated  
35 energy crops”.

36           (b) Funding.—Section 522(e) of the Federal Crop Insurance Act (7 U.S.C. 1522(e)) is  
37 amended—

38                   (1) in paragraph (2)—

1 (A) by striking “(A) AUTHORITY.—” and inserting “(A) CONDUCTING AND  
2 CONTRACTING FOR RESEARCH AND DEVELOPMENT.—”;

3 (B) in subparagraph (A), by inserting “conduct research and development and” after  
4 “the Corporation may use to”; and

5 (C) in subparagraph (B), by inserting “conduct research and development and” after  
6 “for the fiscal year to”;

7 (2) in paragraph (3), in the matter preceding subparagraph (A), by striking “to provide  
8 either reimbursement payments or contract payments”; and

9 (3) by striking paragraph (4).

## 10 **SEC. ~~11017~~ 11020. PILOT PROGRAMS.**

11 Section 523(a) of the Federal Crop Insurance Act (7 U.S.C. 1523(a)) is amended—

12 (1) in paragraph (1), by inserting “, at the sole discretion of the Corporation,” after  
13 “may”; and

14 (2) by striking paragraph (5).

## 15 **SEC. ~~11018~~ 11021. INDEX-BASED WEATHER** 16 **INSURANCE PILOT PROGRAM.**

17 Section 523(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1523(a)(2)) is amended—

18 (1) by striking “Under” inserting the following:

19 “(A) IN GENERAL.—Under”; and

20 (2) by adding at the end the following:

21 “(B) INDEX-BASED WEATHER INSURANCE PILOT PROGRAM.—

22 “(i) IN GENERAL.—Notwithstanding subparagraph (A), the Corporation, at  
23 the sole discretion of the Corporation, may conduct a pilot program to  
24 provide financial assistance for producers of underserved crops and livestock  
25 (including specialty crops) to purchase an index-based weather insurance  
26 product from a private insurance company, subject to the requirements of  
27 this subparagraph.

28 “(ii) PAYMENT OF PREMIUM.—

29 “(I) IN GENERAL.—Subject to subclause (II) and clause (v), the  
30 Corporation may pay a portion of the premium for producers who  
31 purchase index-based weather insurance protection from a private  
32 insurance company for a crop and policy that is not reinsured under this  
33 subtitle, as determined by the Corporation.

34 “(II) CONDITION.—The premium assistance under subclause (I) shall  
35 not exceed 60 percent of the estimated premium amount, based on  
36 expected losses, representative operating expenses, and representative  
37 profit margins, as determined by the Corporation.

1           “(iii) **ELIGIBLE PROVIDERS.**—Before providing premium assistance to  
2           producers to purchase index-based weather insurance from a private  
3           insurance company pursuant to this subparagraph, the Corporation shall  
4           verify that the company has adequate experience—

5                   “(I) to develop and manage the index-based weather insurance  
6                   products, including adequate resources, experience, and assets or  
7                   sufficient reinsurance to meet the obligations of the company under this  
8                   subparagraph; and

9                   “(II) to support and deliver the index-based weather insurance  
10                  products.

11           “(iv) **PROCEDURES.**—The Corporation shall develop and publish  
12           procedures to administer the pilot program under this subparagraph that—

13                   “(I) require each applicable private insurance company to report  
14                   claim and sales data, and any other data the Corporation determines to  
15                   be appropriate, to allow the Corporation to evaluate product pricing  
16                   and performance;

17                   “(II) allow the private insurance companies exclusive rights over the  
18                   private insurance offered under this subparagraph, including rating of  
19                   policies, protection of intellectual property rights on the product or  
20                   policy, and associated rating methodology, for the period during which  
21                   the companies are eligible under clause (iii); and

22                   “(III) contain such other requirements as the Corporation determines  
23                   to be necessary to ensure that—

24                           “(aa) the interests of producers are protected; and

25                           “(bb) the program operates in an actuarially sound manner.

26           “(v) **FUNDING.**—Of the funds of the Corporation, the Corporation shall use  
27           to carry out this subparagraph \$10,000,000 for each of fiscal years 2013  
28           through 2017, to remain available until expended.”.

## 29   **SEC. 11022. ENHANCING PRODUCER SELF-HELP** 30   **THROUGH FARM FINANCIAL BENCHMARKING.**

31    (a) **Definition.**—Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) is  
32    amended—

33           (1) by redesignating paragraphs (6) through (9) as paragraphs (7) through (10),  
34           respectively; and

35           (2) by inserting after paragraph (5) the following:

36                   “(6) **FARM FINANCIAL BENCHMARKING.**—The term ‘farm financial benchmarking’  
37                   means—

38                           “(A) the process of comparing the performance of an agricultural enterprise  
39                           against the performance of other similar enterprises, through the use of

1 comparable and reliable data, in order to identify business management  
2 strengths, weaknesses, and steps necessary to improve management performance  
3 and business profitability; and

4 “(B) benchmarking of the type conducted by farm management and producer  
5 associations consistent with the activities described in or funded pursuant to  
6 section 1672D of the Food, Agriculture, Conservation, and Trade Act of 1990 (7  
7 U.S.C. 5925f).”.

8 (b) Partnerships for Risk Management for Producers of Specialty Crops and  
9 Underserved Agricultural Commodities.—Section 522(d)(3)(F) of the Federal Crop  
10 Insurance Act (7 U.S.C. 1522(d)(3)(F)) is amended by inserting “farm financial  
11 benchmarking,” after “management,”.

12 (c) Crop Insurance Education and Risk Management Assistance.—Section 524(a) of the  
13 Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

14 (1) in paragraph (3)(A), by inserting “farm financial benchmarking,” after “risk  
15 reduction,”; and

16 (2) in paragraph (4), in the matter preceding subparagraph (A), by inserting  
17 “(including farm financial benchmarking)” after “management strategies”.

## 18 **SEC. 11023. BEGINNING FARMER AND RANCHER** 19 **PROVISIONS.**

20 (a) Definition.—Section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)) (as  
21 amended by section 11022(a)) is amended—

22 (1) by redesignating paragraphs (3) through (10) as paragraphs (4) through (11),  
23 respectively; and

24 (2) by inserting after paragraph (2) the following:

25 “(3) BEGINNING FARMER OR RANCHER.—The term ‘beginning farmer or rancher’  
26 means a farmer or rancher who has not actively operated and managed a farm or  
27 ranch with a bona fide insurable interest in a crop or livestock as an owner-operator,  
28 landlord, tenant, or sharecropper for more than 5 crop years, as determined by the  
29 Secretary.”.

30 (b) Premium Adjustments.—Section 508 of the Federal Crop Insurance Act (7 U.S.C.  
31 1508) is amended—

32 (1) in subsection (b)(5)(E), by inserting “and beginning farmers or ranchers (for the  
33 first 5 crop years that the beginning farmer or rancher obtains crop insurance)” after  
34 “limited resource farmers”;

35 (2) in subsection (e), by adding at the end the following:

36 “(8) PREMIUM FOR BEGINNING FARMERS OR RANCHERS.—Notwithstanding any other  
37 provision of this subsection regarding payment of a portion of premiums, a beginning  
38 farmer or rancher shall receive premium assistance that is 10 percentage points  
39 greater than premium assistance that would otherwise be available under paragraphs

1 (2) (except for subparagraph (A) of that paragraph), (5), (6), and (7) for the applicable  
2 policy, plan of insurance, and coverage level selected by the beginning farmer or  
3 rancher.”; and

4 (3) in subsection (g)—

5 (A) in paragraph (2)(B)—

6 (i) in clause (i), by striking “or” at the end;

7 (ii) in clause (ii)(III), by striking the period at the end and inserting “; or”;  
8 and

9 (iii) by adding at the end the following:

10 “(iii) if the producer is a beginning farmer or rancher who was previously  
11 involved in a farming or ranching operation, including involvement in the  
12 decisionmaking or physical involvement in the production of the crop or  
13 livestock on the farm, for any acreage obtained by the beginning farmer or  
14 rancher, a yield that is the higher of—

15 “(I) the actual production history of the previous producer of the crop  
16 or livestock on the acreage determined under subparagraph (A); or

17 “(II) a yield of the producer, as determined in clause (i).”; and

18 (B) in paragraph (4)(B)(ii) (as amended by section 11006)—

19 (i) by inserting “(I)” after “(ii)”;

20 (ii) by striking the period at the end and inserting “; or”; and

21 (iii) by adding at the end the following:

22 “(II) in the case of beginning farmers or ranchers, replace each  
23 excluded yield with a yield equal to 80 percent of the applicable  
24 transitional yield.”.

25 **SEC. 11024. AGRICULTURAL MANAGEMENT**  
26 **ASSISTANCE, RISK MANAGEMENT EDUCATION, AND**  
27 **ORGANIC CERTIFICATION COST SHARE ASSISTANCE.**

28 Section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524) is amended by striking  
29 subsection (b) and inserting the following:

30 “(b) Agricultural Management Assistance, Risk Management Education, and Organic  
31 Certification Cost Share Assistance.—

32 “(1) AUTHORITY FOR PROVISION OF ASSISTANCE.—The Secretary shall provide assistance  
33 under this section as follows:

34 “(A) Provision of organic certification cost share assistance pursuant to section  
35 10606 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 6523).

36 “(B) ~~Conduct of activities~~ **Activities** to support risk management education and  
37 community outreach partnerships pursuant to section 522(d), including—

- 1 “(i) entering into futures or hedging;
- 2 “(ii) entering into agricultural trade options as a hedging transaction to reduce  
3 production, price, or revenue risk; or
- 4 “(iii) conducting any other activity relating to an activity described in clause (i)  
5 or (ii), **including farm financial benchmarking**, as determined by the Secretary.
- 6 “(C) Provision of agricultural management assistance grants to producers in States  
7 in which there has been traditionally, and continues to be, a low level of Federal crop  
8 insurance participation and availability, and producers underserved by the Federal crop  
9 insurance program, as determined by the Secretary, for the purposes of—
- 10 “(i) constructing or improving—
- 11 “(I) watershed management structures; or
- 12 “(II) irrigation structures;
- 13 “(ii) planting trees to form windbreaks or to improve water quality; and
- 14 “(iii) mitigating financial risk through production or marketing diversification  
15 or resource conservation practices, including—
- 16 “(I) soil erosion control;
- 17 “(II) integrated pest management;
- 18 “(III) organic farming; or
- 19 “(IV) to develop and implement a plan to create marketing opportunities  
20 for the producer, including through value-added processing.
- 21 “(2) PAYMENT LIMITATION.—The total amount of payments made to a person (as defined  
22 in section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) (as in existence before the  
23 amendment made by section 1603(b) of the Food, Conservation, and Energy Act of 2008  
24 (Public Law 110–246; 122 Stat. 1730)) under paragraph (1) for any year may not exceed  
25 \$50,000.
- 26 “(3) FUNDING.—
- 27 “(A) IN GENERAL.—The Secretary shall carry out this subsection through the  
28 Commodity Credit Corporation.
- 29 “(B) FUNDING.—For each of fiscal years 2013 through 2017, the Commodity Credit  
30 Corporation shall make available to carry out this subsection \$23,000,000.
- 31 “(C) DISTRIBUTION OF FUNDS.—Of the amount made available to carry out this  
32 subsection for a fiscal year, the Commodity Credit Corporation shall use not less ~~than~~  
33 — **than**—
- 34 “(i) 50 percent to carry out paragraph (1)(A);
- 35 “(ii) 26 percent to carry out paragraph (1)(B); and
- 36 “(iii) 24 percent to carry out paragraph (1)(C).”.

37 **SEC. ~~41019~~ 11025. CROP PRODUCTION ON NATIVE**

1 **SOD.**

2 (a) **Federal Crop Insurance.**—Section 508(o) of the Federal Crop Insurance Act (7 U.S.C.  
3 1508(o)) is amended—

4 (1) in paragraph (1)(B), by inserting “, or the producer cannot substantiate that the  
5 ground has never been tilled,” after “tilled”;

6 (2) in paragraph (2)(A), by striking “for benefits under—” and all that follows  
7 through the period at the end and inserting “for—

8 “(i) a portion of crop insurance premium subsidies under this subtitle in  
9 accordance with paragraph (3);

10 “(ii) benefits under section 196 of the Federal Agriculture Improvement  
11 and Reform Act of 1996 (7 U.S.C. 7333); and

12 “(iii) payments described in subsection (b) or (c) of section 1001 of the  
13 Food Security Act of 1985 (7 U.S.C. 1308).”; and

14 (3) by striking paragraph (3) and inserting the following:

15 “(3) **ADMINISTRATION.**—

16 “(A) **IN GENERAL.**—During the first 4 crop years of planting on native sod  
17 acreage by a producer described in paragraph (2)—

18 “(i) paragraph (2) shall apply to 65 percent of the transitional yield of the  
19 producer; and

20 “(ii) the crop insurance premium subsidy provided for the producer under  
21 this subtitle shall be 50 percentage points less than the premium subsidy that  
22 would otherwise apply.

23 “(B) **YIELD SUBSTITUTION.**—During the period native sod acreage is covered by  
24 this subsection, a producer may not substitute yields for the native sod acreage.”.

25 (b) **Noninsured Crop Disaster Assistance.**—Section 196(a)(4) of the Federal Agriculture  
26 Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(4)) is amended—

27 (1) in subparagraph (A)(i), by inserting “, or the producer cannot substantiate that  
28 the ground has never been tilled,” after “tilled”;

29 (2) in subparagraph (B)(i), by striking “for benefits under—” and all that follows  
30 through the period at the end and inserting “for—

31 “(I) benefits under this section;

32 “(II) a portion of crop insurance premium subsidies under the Federal  
33 Crop Insurance Act (7 U.S.C. 1501 et seq.) in accordance with  
34 subparagraph (C); and

35 “(III) payments described in subsection (b) or (c) of section 1001 of  
36 the Food Security Act of 1985 (7 U.S.C. 1308).”; and

37 (3) by striking subparagraph (C) and inserting the following:

1                   **“(C) ADMINISTRATION.—**

2                   **“(i) IN GENERAL.—During the first 4 crop years of planting on native sod**  
3                   **acreage by a producer described in subparagraph (B)—**

4                   **“(I) subparagraph (B) shall apply to 65 percent of the transitional**  
5                   **yield of the producer; and**

6                   **“(II) the crop insurance premium subsidy provided for the producer**  
7                   **under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) shall be 50**  
8                   **percentage points less than the premium subsidy that would otherwise**  
9                   **apply.**

10                   **“(ii) YIELD SUBSTITUTION.—During the period native sod acreage is**  
11                   **covered by this paragraph, a producer may not substitute yields for the**  
12                   **native sod acreage.”.**

13                   **(c) Cropland Report.—**

14                   **(1) BASELINE.—Not later than 180 days after the date of enactment of this Act, the**  
15                   **Secretary of Agriculture shall submit to the Committee on Agriculture of the House of**  
16                   **Representatives and the Committee on Agriculture, Nutrition, and Forestry of the**  
17                   **Senate a report that describes the cropland acreage in each county and State, and the**  
18                   **change in cropland acreage from the preceding year in each county and State,**  
19                   **beginning with calendar year 2000 and including that information for the most recent**  
20                   **year for which that information is available.**

21                   **(2) ANNUAL UPDATES.—Not later than January 1, 2014, and each January 1**  
22                   **thereafter through January 1, 2017, the Secretary of Agriculture shall submit to the**  
23                   **Committee on Agriculture of the House of Representatives and the Committee on**  
24                   **Agriculture, Nutrition, and Forestry of the Senate a report that describes—**

25                   **(A) the cropland acreage in each county and State as of the date of submission**  
26                   **of the report; and**

27                   **(B) the change in cropland acreage from the preceding year in each county and**  
28                   **State.**

29                   **SEC. 11026. TECHNICAL AMENDMENTS.**

30                   Section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is amended—

31                   (1) by striking paragraph (7); and

32                   (2) by redesignating paragraphs (8) through (11) as paragraphs (7) through (10),  
33                   respectively.

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**TITLE XII—MISCELLANEOUS [COMPLETE  
SUBSTITUTE AMENDMENT]**

**Subtitle A—Socially Disadvantaged Producers and Limited  
Resource Producers**

**SEC. 12001. OUTREACH AND ASSISTANCE FOR  
SOCIALLY DISADVANTAGED FARMERS AND  
RANCHERS AND VETERAN FARMERS AND  
RANCHERS.**

**(a) Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and  
Veteran Farmers and Ranchers.—Section 2501:**

~~Section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
2279(a)) is amended by striking paragraph (4) and inserting the following:~~ **is amended—**

**“(4)(1) in the section heading, by inserting “and veteran farmers and ranchers”  
after “ranchers”;**

**(2) in subsection (a)—**

**(A) in paragraph (2)(B)(i), by inserting “and veteran farmers or ranchers”  
after “ranchers”; and**

**(B) in paragraph (4)—**

**(i) in subparagraph (A)—**

**(I) in clause (i), by striking “and” at the end;**

**(II) in clause (ii), by striking the period at the end and inserting “;  
and”; and**

**(III) by adding at the end the following:**

**“(iii) \$5,000,000 for each of fiscal years 2013 through 2017.”; and**

**(ii) by adding at the end the following:**

**“(D) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated  
to carry out this section \$20,000,000 for each of fiscal years 2013 through 2017.”;**

**;**

**(3) in subsection (b)(2), by inserting “or veteran farmers and ranchers” after  
“socially disadvantaged farmers and ranchers”; and**

**(4) in subsection (c)—**

**(A) in paragraph (1)(A), by inserting “veteran farmers or ranchers and” before  
“members”; and**

1           **(B) in paragraph (2)(A), by inserting “veteran farmers or ranchers and” before**  
2           **“members”.**

3           **(b) Definition of Veteran Farmer or Rancher.—Section 2501(e) of the Food, Agriculture,**  
4           **Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)) is amended by adding at the end**  
5           **the following:**

6           **“(7) VETERAN FARMER OR RANCHER.—The term ‘veteran farmer or rancher’ means**  
7           **a farmer or rancher who served in the active military, naval, or air service, and who**  
8           **was discharged or released from the service under conditions other than**  
9           **dishonorable.”.**

## 10   **SEC. 12002. OFFICE OF ADVOCACY AND OUTREACH.**

11           Section 226B(f)(3) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C.  
12           6934(f)(3)) is amended to read as follows:

13           **“(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to**  
14           **carry out this subsection—**

15                   **“(A) such sums as are necessary for each of fiscal years 2009 through 2012; and**

16                   **“(B) \$2,000,000 for each of fiscal years 2013 through 2017.”.**

## 17   **Subtitle B—Livestock**

### 18   **SEC. 12101. WILDLIFE RESERVOIR ZONOTIC DISEASE** 19   **INITIATIVE.**

20           Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C.  
21           7621 et seq.) is amended by adding at the end the following:

### 22   **“SEC. 413. WILDLIFE RESERVOIR ZONOTIC DISEASE** 23   **INITIATIVE.**

24           **“(a) Definition of Covered Disease.—In this section, the term ‘covered disease’ means a**  
25           **zoonotic disease affecting domestic livestock that is transmitted primarily from wildlife.**

26           **“(b) Establishment.—There is established within the Department a wildlife reservoir zoonotic**  
27           **disease initiative to provide assistance through Coordinated Agricultural Project grants for**  
28           **research and development of surveillance methods, vaccinations, vaccination delivery systems,**  
29           **or diagnostic tests for covered diseases.**

30           **“(c) Covered Disease.—**

31                   **“(1) IN GENERAL.—To be eligible for a grant under this section, an eligible entity shall**  
32                   **conduct research and development of surveillance methods, vaccines, vaccination delivery**  
33                   **systems, or diagnostic tests for covered diseases in—**

34                           **“(A) a wildlife reservoir in the United States; or**

35                           **“(B) domestic livestock or wildlife presenting a potential concern to public health.**

36                   **“(2) PRIORITY.—In making grants under this section, the Secretary shall give priority to**

1 grants that address—

2 “(A) *Brucella abortus* (Bovine Brucellosis);

3 “(B) *Mycobacterium bovis* (Bovine Tuberculosis); or

4 “(C) other zoonotic disease in livestock that is covered by a high-priority research  
5 and extension initiative conducted under section 1672 of the Food, Agriculture,  
6 Conservation, and Trade Act of 1990 (7 U.S.C. 5925).

7 “(d) Eligible Entities.—The Secretary shall carry out the initiative established under  
8 subsection (b) through public scientific research consortia that may consist of members from—

9 “(1) Federal agencies;

10 “(2) National Laboratories;

11 “(3) institutions of higher education;

12 “(4) research institutions and organizations; or

13 “(5) State agricultural experiment stations.

14 “(e) Research Projects.—In carrying out this section, the Secretary shall award grants on a  
15 competitive basis.

16 “(f) Administration.—

17 “(1) IN GENERAL.—In the case of grants awarded under this section, the Secretary shall—

18 “(A) seek and accept proposals for grants;

19 “(B) determine the relevance and merit of proposals through a system of peer and  
20 merit review in accordance with section 103;

21 “(C) award grants on the basis of merit, quality, and relevance; and

22 “(D) manage the initiative established under subsection (b) using a Coordinated  
23 Agricultural Project format.

24 “(2) TERM.—The term of a grant under this section may not exceed 10 years.

25 “(3) MATCHING FUNDS REQUIRED.—The Secretary shall require the recipient of a grant  
26 under this section to provide funds or in-kind support from non-Federal sources in an  
27 amount that is not less than 25 percent of the amount provided by the Federal Government.

28 “(4) OTHER CONDITIONS.—The Secretary may set such other conditions on the award of a  
29 grant under this section as the Secretary determines to be appropriate.

30 “(g) Buildings and Facilities.—Funds made available under this section shall not be used for—

31 “(1) the construction of a new building or facility; or

32 “(2) the acquisition, expansion, remodeling, or alteration of an existing building or  
33 facility (including site grading and improvement and architect fees).

34 “(h) Authorization of Appropriations.—

35 “(1) IN GENERAL.—There is authorized to be appropriated to carry out this section  
36 \$7,000,000 for each of fiscal years 2012 through 2017.

1           “(2) ALLOCATION.—Of the amount made available for a fiscal year under paragraph (1),  
2           the Secretary shall use not less than 30 percent of the amount for the fiscal year to carry out  
3           activities under each of subparagraphs (A) and (B) of subsection (c)(2).”.

#### 4   **SEC. 12102. TRICHINAE CERTIFICATION PROGRAM.**

5           Section 10405(d)(1) of the Animal Health Protection Act (7 U.S.C. 8304(d)(1)) is amended in  
6           subparagraphs (A) and (B) by striking “2012” each place it appears and inserting “2017”.

#### 7   **SEC. 12103. NATIONAL AQUATIC ANIMAL HEALTH** 8   **PLAN.**

9           Section 11013(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8322(d)) is  
10          amended by striking “2012” and inserting “2017”.

#### 11   **SEC. 12104. SHEEP PRODUCTION AND MARKETING** 12   **GRANT PROGRAM.**

13          (a) In General.—Subtitle A of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.)  
14          is amended by adding at the end the following:

#### 15   **“SEC. 209. SHEEP PRODUCTION AND MARKETING** 16   **GRANT PROGRAM.**

17          “(a) Establishment.—The Secretary, acting through the Administrator of the Agricultural  
18          Marketing Service (referred to in this section as the ‘Secretary’) shall establish a competitive  
19          grant program for the purposes of improving the United States sheep industry.

20          “(b) Purpose.—The purpose of the grant program shall be to strengthen and enhance the  
21          production and marketing of sheep and sheep products, including improvement of—

22               “(1) infrastructure;

23               “(2) business;

24               “(3) resource development; and

25               “(4) innovative approaches to solve long-term needs.

26          “(c) Eligibility.—The Secretary shall make grants under this section to 1 or more national  
27          entities the mission of which is consistent with the purpose of the grant program.

28          ~~“(d) Authorization of Appropriations.—There is authorized~~ **Funding.—Of the funds of the**  
29          **Commodity Credit Corporation, the Secretary shall use** to carry out this section ~~“\$3,000,000-~~  
30          ~~for each of fiscal years 2013 through 2017.”.~~ **\$1,500,000 for fiscal year 2013, to remain**  
31          **available until expended.”.**

32          (b) Conforming Amendment.—Section 374 of the Consolidated Farm and Rural Development  
33          Act (7 U.S.C. 2008j) (as in existence on the day before the date of enactment of this Act) is—

34               (1) amended in subsection (e)—

35                   (A) in paragraph (3)(D), by striking “3 percent” and inserting “10 percent”; and

- 1 (B) by striking paragraph (6); and  
2 (2) redesignated as section 210 of the Agricultural Marketing Act of 1946; and  
3 (3) moved so as to appear at the end of subtitle A of that Act (as amended by subsection  
4 (a)).

5 **SEC. 12105. FERAL SWINE ERADICATION PILOT**  
6 **PROGRAM.**

7 (a) In General.—To eradicate or control the threat feral swine pose to the domestic swine  
8 population, the entire livestock industry, and the destruction of crops and natural plant  
9 communities and native habitats, the Secretary of Agriculture may establish a feral swine  
10 eradication pilot program.

11 (b) Pilot.—Subject to the availability of appropriations under this section, the Secretary may  
12 provide financial assistance for the cost of carrying out a pilot program—

13 (1) to study and assess the nature and extent of damage to the pilot area caused by feral  
14 swine;

15 (2) to develop methods to eradicate or control feral swine in the pilot area; and

16 (3) to develop methods to restore damage caused by feral swine.

17 (c) Coordination.—The Secretary shall ensure that the Natural Resource Conservation Service  
18 and the Animal and Plant Health Inspection Service coordinate to carry out the pilot program.

19 (d) Cost Sharing.—

20 (1) FEDERAL SHARE.—The Federal share of the costs of the pilot program under this  
21 section may not exceed 75 percent of the total costs of carrying out the pilot program.

22 (2) IN-KIND CONTRIBUTIONS.—The non-Federal share of the costs of the pilot program  
23 may be provided in the form of in-kind contributions of materials or services.

24 (e) Limitation on Administrative Expenses.—Not more than 10 percent of financial assistance  
25 provided by the Secretary under this section may be used for administrative expenses.

26 (f) Authorization of Appropriations.—There is authorized to be appropriated to carry out this  
27 section \$2,000,000 for each of fiscal years 2013 through 2017.

28 **Subtitle C—Other Miscellaneous Provisions**

29 **SEC. 12201. MILITARY VETERANS AGRICULTURAL**  
30 **LIAISON.**

31 (a) In General.—Subtitle A of the Department of Agriculture Reorganization Act of 1994  
32 is amended by inserting after section 218 (7 U.S.C. 6918) the following:

33 **“SEC. 219. MILITARY VETERANS AGRICULTURAL**  
34 **LIAISON.**

35 **“(a) Authorization.—The Secretary shall establish in the Department the position of**

1 **Military Veterans Agricultural Liaison.**

2 **“(b) Duties.—The Military Veterans Agricultural Liaison shall—**

3 **“(1) provide information to returning veterans about, and connect returning**  
4 **veterans with, beginning farmer training and agricultural vocational and**  
5 **rehabilitation programs appropriate to the needs and interests of returning veterans,**  
6 **including assisting veterans in using Federal veterans educational benefits for**  
7 **purposes relating to beginning a farming or ranching career;**

8 **“(2) provide information to veterans concerning the availability of and eligibility**  
9 **requirements for participation in agricultural programs, with particular emphasis on**  
10 **beginning farmer and rancher programs;**

11 **“(3) serving as a resource for assisting veteran farmers and ranchers, and potential**  
12 **farmers and ranchers, in applying for participation in agricultural programs; and**

13 **“(4) advocating on behalf of veterans in interactions with employees of the**  
14 **Department.”.**

15 **(b) Conforming Amendments.—Section 296(b) of the Department of Agriculture**  
16 **Reorganization Act of 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d)) is**  
17 **amended—**

18 **(1) in paragraph (7), by striking the “or” at the end;**

19 **(2) in paragraph (8), by striking the period at the end and inserting “;or”; and**

20 **(3) by adding at the end the following:**

21 **“(9) the authority of the Secretary to establish in the Department the position of**  
22 **Military Veterans Agricultural Liaison in accordance with section 219.”.**

23 **SEC. 12202. INFORMATION GATHERING.**

24 **Section 1619(b)(3) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8791) is**  
25 **amended by adding at the end the following:**

26 **“(B) COOPERATION WITH STATE AND LOCAL GOVERNMENTS.—**

27 **“(i) IN GENERAL.—Subject to clause (ii), in the case of a State agency,**  
28 **political subdivision, or local governmental agency that is charged with**  
29 **implementing an agriculture or conservation program under State law, on**  
30 **request of the State agency, political subdivision, or local governmental**  
31 **agency, the information described in paragraph (2) shall be disclosed to the**  
32 **State agency, political subdivision, or local governmental agency if the**  
33 **Secretary determines that the State agency, political subdivision, or local**  
34 **governmental agency demonstrates that the disclosure is required for**  
35 **implementing the State program.**

36 **“(ii) RESTRICTION.—Any information disclosed to a State agency, political**  
37 **subdivision, or local governmental agency under clause (i) shall be—**

38 **“(I) used solely by the State agency, political subdivision, or local**  
39 **governmental agency; and**

1                   “(II) exempt from disclosure to the public, including under any State  
2                   law that allows a citizen to petition a State agency for that information.”.

3   **SEC. 12203. GRANTS TO IMPROVE SUPPLY, STABILITY,**  
4   **SAFETY, AND TRAINING OF AGRICULTURAL LABOR**  
5   **FORCE.**

6       Section 14204(d) of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 2008q-1(d)) is  
7   amended to read as follows:

8       “(d) Authorization of Appropriations.—There are authorized to be appropriated to carry out  
9   this section—

10           “(1) such sums as are necessary for each of fiscal years 2008 through 2012; and

11           “(2) \$10,000,000 for each of fiscal years 2013 through 2017.”.

12   ~~SEC. 12202.~~ **12204. NONINSURED CROP DISASTER**  
13   **ASSISTANCE PROGRAM.**

14       ~~Section 196(a)(2)(a) In General.—Section 196~~ of the Federal Agriculture Improvement and  
15   ~~Reform Act of 1996 (7 U.S.C. 7333(a)(2)) is amended—~~ **is amended—**

16           ~~(1) in subparagraph (A); (1) in subsection (a)—~~

17           **(A) by striking paragraph (1) and inserting the following:**

18           **“(1) IN GENERAL.—**

19                   **“(A) COVERAGES.—In the case of an eligible crop described in paragraph (2),**  
20                   **the Secretary of Agriculture shall operate a noninsured crop disaster assistance**  
21                   **program to provide coverages based on individual yields (other than for**  
22                   **value-loss crops) equivalent to—**

23                           **“(i) catastrophic risk protection available under section 508(b) of the**  
24                           **Federal Crop Insurance Act (7 U.S.C. 1508(b)); or**

25                           **“(ii) additional coverage available under subsections (c) and (h) of section**  
26                           **508 of that Act (7 U.S.C. 1508) that does not exceed 65 percent.**

27                   **“(B) ADMINISTRATION.—The Secretary shall carry out this section through the**  
28                   **Farm Service Agency (referred to in this section as the ‘Agency’).”; and**

29           **(B) in paragraph (2)—**

30                   **(i) in subparagraph (A)—**

31                           **(I) in the matter before clause (i), by striking “(except livestock)” and**  
32                           **inserting “(except livestock and crops and grasses used for grazing)”;**

33                           ~~and~~ **(II) in clause (i), by striking “and” after the semicolon at the end;**

34                           ~~(2)~~ **(III) by redesignating clause (ii) as clause (iii); and**

35                           **(IV) by inserting after clause (i) the following:**

1                                   **“(ii) for which additional coverage under subsections (c) and (h)**  
2                                   **of section 508 of that Act (7 U.S.C. 1508) is not available; and”;** and

3                   (ii) in subparagraph (B)—

4                                   ~~(A)(I)~~ by inserting “(except ferns)” after “floricultural”;

5                                   ~~(B)(II)~~ by inserting “(except ferns)” after “ornamental nursery”; and

6                                   ~~(C)(III)~~ by striking “(including ornamental fish)” and inserting  
7                                   “(including ornamental fish, but excluding tropical fish)”;

8                                   ~~SEC. 12203. REGIONAL ECONOMIC AND INFRASTRUCTURE~~  
9                                   ~~DEVELOPMENT.~~

10                                   Section 15751(b) of title 40, United States Code, is amended—

11                                   ~~(1)~~ by striking “Not more than” and inserting the following:

12                                   “(1) In general.—Except as provided in paragraph (2), not more than”; and

13                                   ~~(2)~~;

14                   **(2) in subsection (d), by striking “The Secretary” and inserting “Subject to**  
15                   **subsection (l), the Secretary”;**

16                   **(3) in subsection (k)(1)—**

17                                   **(A) in subparagraph (A), by striking “\$250” and inserting “\$260”; and**

18                                   **(B) in subparagraph (B)—**

19                                   **(i) by striking “\$750” and inserting “\$780”; and**

20                                   **(ii) by striking “\$1,875” and inserting “\$1,950”; and**

21                   **(4) by adding at the end the following:**

22                   **“(l) Payment Equivalent to Additional Coverage.—**

23                                   **“(1) IN GENERAL.—The Secretary shall make available to a producer eligible for**  
24                                   **noninsured assistance under this section a payment equivalent to an indemnity for**  
25                                   **additional coverage under subsections (c) and (h) of section 508 of the Federal Crop**  
26                                   **Insurance Act (7 U.S.C. 1508) that does not exceed 65 percent, computed by**  
27                                   **multiplying—**

28                                   **“(A) the quantity that is less than 50 to 65 percent of the established yield for**  
29                                   **the crop, as determined by the Secretary, specified in increments of 5 percent;**

30                                   **“(B) 100 percent of the average market price for the crop, as determined by the**  
31                                   **Secretary; and**

32                                   **“(C) a payment rate for the type of crop, as determined by the Secretary, that**  
33                                   **reflects—**

34                                   **“(i) in the case of a crop that is produced with a significant and variable**  
35                                   **harvesting expense, the decreasing cost incurred in the production cycle for**  
36                                   **the crop that is, as applicable—**

1                   “(I) harvested;  
2                   “(II) planted but not harvested; or  
3                   “(III) prevented from being planted because of drought, flood, or  
4                   other natural disaster, as determined by the Secretary; or  
5                   “(ii) in the case of a crop that is produced without a significant and  
6                   variable harvesting expense, such rate as shall be determined by the  
7                   Secretary.

8                   “(2) PREMIUM.—To be eligible to receive a payment under this subsection, a  
9                   producer shall pay—

10                   “(A) the service fee required by subsection (k); and

11                   “(B) a premium for the applicable crop year that is equal to—

12                   “(i) the product obtained by multiplying—

13                   “(I) the number of acres devoted to the eligible crop;

14                   “(II) the yield, as determined by the Secretary under subsection (e);

15                   “(III) the coverage level elected by the producer;

16                   “(IV) the average market price, as determined by the Secretary; and

17                   “(ii) 5.25-percent premium fee.

18                   “(3) LIMITED RESOURCE, BEGINNING, AND SOCIALLY DISADVANTAGED FARMERS.—The  
19                   additional coverage made available under this subsection shall be available to limited  
20                   resource, beginning, and socially disadvantaged producers, as determined by the  
21                   Secretary, in exchange for a premium that is 50 percent of the premium determined  
22                   for a producer under paragraph (2).”.

23                   (b) Termination Date.—

24                   (1) IN GENERAL.—Effective October 1, 2017, subsection (a) and the amendments  
25                   made by subsection (a) (other than the amendments made by clauses (i)(I) and (ii) of  
26                   subsection (a)(1)(B)) are repealed

27                   (2) ADMINISTRATION.—Effective October 1, 2017, section 196 of the Federal  
28                   Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333) shall be applied and  
29                   administered as if subsection (a) and the amendments made by subsection (a) (other  
30                   than the amendments made by clauses (i)(I) and (ii) of subsection (a)(1)(B)) had not  
31                   been enacted.

## 32   **SEC. 12205. REGIONAL ECONOMIC AND** 33   **INFRASTRUCTURE DEVELOPMENT.**

34                   Section 15751 of title 40, United States Code, is amended—

35                   (1) in subsection (a), by striking “2012” and inserting “2017”; and

36                   (2) in subsection (b)—

1 (A) by striking “Not more than” and inserting the following:

2 “(1) IN GENERAL.—Except as provided in paragraph (2), not more than”; and

3 (B) by adding at the end the following:

4 “(2) LIMITED FUNDING.—In a case in which less than \$10,000,000 is made available to a  
5 Commission for a fiscal year under this section, paragraph (1) shall not apply.”.

## 6 **SEC. 12206. CANADA GEESE REMOVAL.**

7 (a) In General.—On a determination by the Administrator of the Federal Aviation  
8 Administration that the population of Canada geese residing on land under the jurisdiction  
9 of the National Park Service that is located within 5 miles of any commercial airport poses  
10 a risk to flight safety, the Secretary (acting through the Administrator of the Animal and  
11 Plant Health Inspection Service), in consultation with the Secretary of the Interior and the  
12 Administrator of the Federal Aviation Administration, shall—

13 (1) by the first subsequent molting period for Canada geese that occurs after the  
14 date of enactment of this Act, publish a management plan that provides for the  
15 removal, by not later than 1 year after the date of publication, of all Canada geese  
16 residing on the applicable land; and

17 (2) as soon as practicable after the date of publication of the management plan  
18 under paragraph (1), commence removal of Canada geese from the applicable land.

19 (b) JFK International Airport.—Not later than June 1, 2012, the Secretary (acting  
20 through the Administrator of the Animal and Plant Health Inspection Service) shall—

21 (1) issue a record of decision for the document entitled “Supplement to the  
22 Environmental Impact Statement Bird Hazard Reduction Program: John F. Kennedy  
23 International Airport”; and

24 (2) commence consultation with the Secretary of the Interior to complete the  
25 collection and removal of Canada geese from the applicable National Park Service  
26 land to ensure that the removal is completed by not later than August 1, 2012.