

AMENDMENT NO. \_\_\_\_\_ Calendar No. \_\_\_\_\_

Purpose: In the nature of a substitute.

**IN THE SENATE OF THE UNITED STATES—112th Cong., 2d Sess.**

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

To reauthorize agricultural programs through 2017, and for other purposes.

Referred to the Committee on \_\_\_\_\_ and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT IN THE NATURE OF A SUBSTITUTE intended to be proposed by Ms. STABENOW (for herself and Mr. ROBERTS)

Viz:

1 Strike all after the enacting clause and insert the following:  
2

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

4 (a) IN GENERAL.—This Act may be cited as the “Agriculture Reform, Food, and Jobs Act of 2012”.  
5

6 (b) TABLE OF CONTENTS.—The table of contents for  
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Definition of Secretary.

TITLE I—COMMODITY PROGRAMS

Subtitle A—Repeals and Reforms

- Sec. 1101. Repeal of direct payments.
- Sec. 1102. Repeal of counter-cyclical payments.
- Sec. 1103. Repeal of average crop revenue election program.

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- Sec. 1104. Definitions.
- Sec. 1105. Agriculture risk coverage.
- Sec. 1106. Producer agreement required as condition of provision of payments.
- Sec. 1107. Period of effectiveness.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

- Sec. 1201. Availability of nonrecourse marketing assistance loans for loan commodities.
- Sec. 1202. Loan rates for nonrecourse marketing assistance loans.
- Sec. 1203. Term of loans.
- Sec. 1204. Repayment of loans.
- Sec. 1205. Loan deficiency payments.
- Sec. 1206. Payments in lieu of loan deficiency payments for grazed acreage.
- Sec. 1207. Special marketing loan provisions for upland cotton.
- Sec. 1208. Special competitive provisions for extra long staple cotton.
- Sec. 1209. Availability of recourse loans for high moisture feed grains and seed cotton.
- Sec. 1210. Adjustments of loans.

Subtitle C—Sugar

- Sec. 1301. Sugar program.

Subtitle D—Dairy

PART I—DAIRY PRODUCTION MARGIN PROTECTION AND DAIRY MARKET STABILIZATION PROGRAMS

- Sec. 1401. Definitions.
- Sec. 1402. Calculation of average feed cost and actual dairy production margins.

SUBPART A—DAIRY PRODUCTION MARGIN PROTECTION PROGRAM

- Sec. 1411. Establishment of dairy production margin protection program.
- Sec. 1412. Participation of dairy operations in production margin protection program.
- Sec. 1413. Production history of participating dairy operations.
- Sec. 1414. Basic production margin protection.
- Sec. 1415. Supplemental production margin protection.
- Sec. 1416. Effect of failure to pay administration fees or premiums.

SUBPART B—DAIRY MARKET STABILIZATION PROGRAM

- Sec. 1431. Establishment of dairy market stabilization program.
- Sec. 1432. Threshold for implementation and reduction in dairy payments.
- Sec. 1433. Milk marketings information.
- Sec. 1434. Calculation and collection of reduced dairy operation payments.
- Sec. 1435. Remitting funds to the Secretary and use of funds.
- Sec. 1436. Suspension of reduced payment requirement.
- Sec. 1437. Enforcement.
- Sec. 1438. Audit requirements.
- Sec. 1439. Study; report.

SUBPART C—DURATION

- Sec. 1451. Duration.

## PART II—DAIRY MARKET TRANSPARENCY

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

## PART III—REPEAL OR REAUTHORIZATION OF OTHER DAIRY-RELATED PROVISIONS

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

## PART IV—EFFECTIVE DATE

- Sec. 1481. Effective date.

## Subtitle E—Supplemental Agricultural Disaster Assistance Programs

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

## Subtitle F—Administration

- Sec. 1601. Administration generally.
- Sec. 1602. Suspension of permanent price support authority.
- Sec. 1603. Payment limitations.
- Sec. 1604. Adjusted gross income limitation.
- Sec. 1605. Geographically disadvantaged farmers and ranchers.
- Sec. 1606. Personal liability of producers for deficiencies.
- Sec. 1607. Prevention of deceased individuals receiving payments under farm commodity programs.
- Sec. 1608. Appeals.
- Sec. 1609. Technical corrections.
- Sec. 1610. Assignment of payments.
- Sec. 1611. Tracking of benefits.
- Sec. 1612. Signature authority.
- Sec. 1613. Implementation.

## TITLE II—CONSERVATION

## Subtitle A—Conservation Reserve Program

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

## Subtitle B—Conservation Stewardship Program

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Sec. 2101. Conservation stewardship program.

Subtitle C—Environmental Quality Incentives Program

Sec. 2201. Purposes.

Sec. 2202. Definitions.

Sec. 2203. Establishment and administration.

Sec. 2204. Evaluation of applications.

Sec. 2205. Duties of producers.

Sec. 2206. Limitation on payments.

Sec. 2207. Conservation innovation grants and payments.

Sec. 2208. Effective date.

Subtitle D—Agricultural Conservation Easement Program

Sec. 2301. Agricultural Conservation Easement Program.

Subtitle E—Regional Conservation Partnership Program

Sec. 2401. Regional Conservation Partnership Program.

Subtitle F—Other Conservation Programs

Sec. 2501. Conservation of private grazing land.

Sec. 2502. Grassroots source water protection program.

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

Sec. 2504. Agriculture conservation experienced services program.

Sec. 2505. Small watershed rehabilitation program.

Sec. 2506. Terminal lakes assistance.

Subtitle G—Funding and Administration

Sec. 2601. Funding.

Sec. 2602. Technical assistance.

Sec. 2603. Regional equity.

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

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

Sec. 2606. Administrative requirements for conservation programs.

Sec. 2607. Rulemaking authority.

Sec. 2608. Standards for State technical committees.

Subtitle H—Repeal of Superseded Program Authorities and Transitional Provisions

Sec. 2701. Comprehensive conservation enhancement program.

Sec. 2702. Emergency forestry conservation reserve program.

Sec. 2703. Wetlands reserve program.

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

Sec. 2705. Grassland reserve program.

Sec. 2706. Agricultural water enhancement program.

Sec. 2707. Wildlife habitat incentive program.

Sec. 2708. Great Lakes basin program.

Sec. 2709. Chesapeake Bay watershed program.

Sec. 2710. Cooperative conservation partnership initiative.

Sec. 2711. Environmental easement program.

Sec. 2712. Technical amendments.

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## TITLE III—TRADE

## Subtitle A—Food for Peace Act

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

## Subtitle B—Agricultural Trade Act of 1978

- Sec. 3101. Export credit guarantee programs.
- Sec. 3102. Funding for market access program.
- Sec. 3103. Foreign market development cooperator program.

## Subtitle C—Other Agricultural Trade Laws

- Sec. 3201. Food for Progress Act of 1985.
- Sec. 3202. Bill Emerson Humanitarian Trust.
- Sec. 3203. Promotion of agricultural exports to emerging markets.
- Sec. 3204. McGovern-Dole International Food for Education and Child Nutrition Program.
- Sec. 3205. Technical assistance for specialty crops.
- Sec. 3206. Global Crop Diversity Trust.
- Sec. 3207. Local and regional food aid procurement projects.
- Sec. 3208. Donald Payne Horn of Africa food resilience program.

## TITLE IV—NUTRITION

## Subtitle A—Supplemental Nutrition Assistance Program

- Sec. 4001. Food distribution program on Indian reservations.
- Sec. 4002. Standard utility allowances based on the receipt of energy assistance payments.
- Sec. 4003. Eligibility disqualifications.
- Sec. 4004. Ending supplemental nutrition assistance program benefits for lottery or gambling winners.
- Sec. 4005. Retailers.
- Sec. 4006. Improving security of food assistance.
- Sec. 4007. Technology modernization for retailers.
- Sec. 4008. Restaurant meals program.

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- Sec. 4009. Quality control error rate determination.
- Sec. 4010. Authorization of appropriations.
- Sec. 4011. Assistance for community food projects.
- Sec. 4012. Emergency food assistance.
- Sec. 4013. Nutrition education.
- Sec. 4014. Retailer and recipient trafficking.
- Sec. 4015. Technical and conforming amendments.

Subtitle B—Commodity Distribution Programs

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

Subtitle C—Miscellaneous

- Sec. 4201. Purchase of fresh fruits and vegetables for distribution to schools and service institutions.
- Sec. 4202. Seniors farmers' market nutrition program.
- Sec. 4203. Nutrition information and awareness pilot program.
- Sec. 4204. Whole grain products.
- Sec. 4205. Hunger-free communities.
- Sec. 4206. Healthy Food Financing Initiative.

TITLE V—CREDIT

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.

Subtitle B—Miscellaneous

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

TITLE VI—RURAL DEVELOPMENT

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

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

Subtitle B—Rural Electrification

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

Subtitle C—Miscellaneous

- Sec. 6201. Distance learning and telemedicine.

## TITLE VII—RESEARCH, EXTENSION, AND RELATED MATTERS

## Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977

- Sec. 7101. National Agricultural Research, Extension, Education, and Economics Advisory Board.
- Sec. 7102. Specialty crop committee.
- Sec. 7103. Veterinary services grant program.
- Sec. 7104. Grants and fellowships for food and agriculture sciences education.
- Sec. 7105. Agricultural and food policy research centers.
- Sec. 7106. Education grants to Alaska Native serving institutions and Native Hawaiian serving institutions.
- Sec. 7107. Nutrition education program.
- Sec. 7108. Continuing animal health and disease research programs.
- Sec. 7109. Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.
- Sec. 7110. Grants to upgrade agricultural and food sciences facilities and equipment at insular area land-grant institutions.
- Sec. 7111. Hispanic-serving institutions.
- Sec. 7112. Competitive grants for international agricultural science and education programs.
- Sec. 7113. University research.
- Sec. 7114. Extension service.
- Sec. 7115. Supplemental and alternative crops.
- Sec. 7116. Capacity building grants for NLGCA institutions.
- Sec. 7117. Aquaculture assistance programs.
- Sec. 7118. Rangeland research programs.
- Sec. 7119. Special authorization for biosecurity planning and response.
- Sec. 7120. Distance education and resident instruction grants program for insular area institutions of higher education.

## Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990

- Sec. 7201. Best utilization of biological applications.
- Sec. 7202. Integrated management systems.
- Sec. 7203. Sustainable agriculture technology development and transfer program.
- Sec. 7204. National training program.
- Sec. 7205. National Genetics Resources Program.
- Sec. 7206. National Agricultural Weather Information System.
- Sec. 7207. High-priority research and extension initiatives.
- Sec. 7208. Organic agriculture research and extension initiative.
- Sec. 7209. Farm business management.
- Sec. 7210. Regional centers of excellence.
- Sec. 7211. Assistive technology program for farmers with disabilities.
- Sec. 7212. National rural information center clearinghouse.

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

- Sec. 7301. Relevance and merit of agricultural research, extension, and education funded by the Department.
- Sec. 7302. Integrated research, education, and extension competitive grants program.

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- Sec. 7303. Support for research regarding diseases of wheat, triticale, and barley caused by *Fusarium graminearum* or by *Tilletia indica*.
- Sec. 7304. Grants for youth organizations.
- Sec. 7305. Specialty crop research initiative.
- Sec. 7306. Food animal residue avoidance database program.
- Sec. 7307. Office of pest management policy.
- Sec. 7308. Authorization of regional integrated pest management centers.

#### Subtitle D—Other Laws

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

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

#### PART I—AGRICULTURAL SECURITY

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

#### PART II—MISCELLANEOUS

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

#### Subtitle F—Miscellaneous

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

#### TITLE VIII—FORESTRY

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

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

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

- Sec. 8101. State-wide assessment and strategies for forest resources.
- Sec. 8102. Forest stewardship program.

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- Sec. 8103. Forest Legacy Program.
- Sec. 8104. Community forest and open space conservation program.
- Sec. 8105. Urban and community forestry assistance.

Subtitle C—Reauthorization of Other Forestry-related Laws

- Sec. 8201. Rural revitalization technologies.
- Sec. 8202. Office of International Forestry.
- Sec. 8203. Insect infestations and related diseases.
- Sec. 8204. Change in funding source for healthy forests reserve program.
- Sec. 8205. Stewardship end result contracting projects.
- Sec. 8206. Healthy forests reserve program.

Subtitle D—Miscellaneous Provisions

- Sec. 8301. McIntire-Stennis Cooperative Forestry Act.
- Sec. 8302. Revision of strategic plan for forest inventory and analysis.

TITLE IX—ENERGY

- Sec. 9001. Definition of renewable chemical.
- Sec. 9002. Biobased markets program.
- Sec. 9003. Biorefinery, renewable chemical, and biobased product manufacturing assistance.
- Sec. 9004. Repeal of repowering assistance program and transfer of remaining funds.
- Sec. 9005. Bioenergy program for advanced biofuels.
- Sec. 9006. Biodiesel fuel education program.
- Sec. 9007. Rural Energy for America Program.
- Sec. 9008. Biomass research and development.
- Sec. 9009. Feedstock flexibility program for bioenergy producers.
- Sec. 9010. Biomass Crop Assistance Program.
- Sec. 9011. Repeal of forest biomass for energy.
- Sec. 9012. Community wood energy program.
- Sec. 9013. Repeal of renewable fertilizer study.

TITLE X—HORTICULTURE

- Sec. 10001. Specialty crops market news allocation.
- Sec. 10002. Repeal of grant program to improve movement of specialty crops.
- Sec. 10003. Farmers market and local food promotion program.
- Sec. 10004. Study on local food production and program evaluation.
- Sec. 10005. Organic agriculture.
- Sec. 10006. Food safety education initiatives.
- Sec. 10007. Consolidation of plant pest and disease management and disaster prevention programs.
- Sec. 10008. Specialty crop block grants.
- Sec. 10009. Recordkeeping, investigations, and enforcement.
- Sec. 10010. Report on honey.
- Sec. 10011. Effective date.

TITLE XI—CROP INSURANCE

- Sec. 11001. Supplemental coverage option.
- Sec. 11002. Premium amounts for catastrophic risk protection.
- Sec. 11003. Permanent enterprise unit.
- Sec. 11004. Enterprise units for irrigated and nonirrigated crops.

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- Sec. 11005. Data collection.
- Sec. 11006. Adjustment in actual production history to establish insurable yields.
- Sec. 11007. Submission and review of policies.
- Sec. 11008. Board review and approval.
- Sec. 11009. Consultation.
- Sec. 11010. Budget limitations on renegotiation of the standard reinsurance agreement.
- Sec. 11011. Stacked income protection plan for producers of upland cotton.
- Sec. 11012. Peanut revenue crop insurance.
- Sec. 11013. Authority to correct errors.
- Sec. 11014. Implementation.
- Sec. 11015. Approval of costs for research and development.
- Sec. 11016. Whole farm risk management insurance.
- Sec. 11017. Crop insurance for livestock.
- Sec. 11018. Margin coverage for catfish.
- Sec. 11019. Research and development.
- Sec. 11020. Pilot programs.
- Sec. 11021. Index-based weather insurance pilot program.
- Sec. 11022. Enhancing producer self-help through farm financial benchmarking.
- Sec. 11023. Beginning farmer and rancher provisions.
- Sec. 11024. Agricultural management assistance, risk management education, and organic certification cost share assistance.
- Sec. 11025. Crop production on native sod.
- Sec. 11026. Technical amendments.

## TITLE XII—MISCELLANEOUS

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.
- Sec. 12002. Office of Advocacy and Outreach.

Subtitle B—Livestock

- Sec. 12101. Wildlife reservoir zoonotic disease initiative.
- Sec. 12102. Trichinae certification program.
- Sec. 12103. National Aquatic Animal Health Plan.
- Sec. 12104. Sheep production and marketing grant program.
- Sec. 12105. Feral swine eradication pilot program.

Subtitle C—Other Miscellaneous Provisions

- Sec. 12201. Military veterans agricultural liaison.
- Sec. 12202. Information gathering.
- Sec. 12203. Grants to improve supply, stability, safety, and training of agricultural labor force.
- Sec. 12204. Noninsured crop assistance program.
- Sec. 12205. Regional economic and infrastructure development.
- Sec. 12206. Canada geese removal.

1 **SEC. 2. DEFINITION OF SECRETARY.**

2 In this Act, the term “Secretary” means the Sec-  
3 retary of Agriculture.

4 **TITLE I—COMMODITY**  
5 **PROGRAMS**

6 **Subtitle A—Repeals and Reforms**

7 **SEC. 1101. REPEAL OF DIRECT PAYMENTS.**

8 (a) REPEAL.—Sections 1103 and 1303 of the Food,  
9 Conservation, and Energy Act of 2008 (7 U.S.C. 8713,  
10 8753) are repealed.

11 (b) CONTINUED APPLICATION FOR 2012 CROP  
12 YEAR.—Sections 1103 and 1303 of the Food, Conserva-  
13 tion, and Energy Act of 2008 (7 U.S.C. 8713, 8753), as  
14 in effect on the day before the date of enactment of this  
15 Act, shall continue to apply through the 2012 crop year  
16 with respect to all covered commodities (as defined in sec-  
17 tion 1001 of that Act (7 U.S.C. 8702)) (except pulse  
18 crops) and peanuts on a farm.

19 **SEC. 1102. REPEAL OF COUNTER-CYCLICAL PAYMENTS.**

20 (a) REPEAL.—Sections 1104 and 1304 of the Food,  
21 Conservation, and Energy Act of 2008 (7 U.S.C. 8714,  
22 8754) are repealed.

23 (b) CONTINUED APPLICATION FOR 2012 CROP  
24 YEAR.—Sections 1104 and 1304 of the Food, Conserva-  
25 tion, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as  
26 in effect on the day before the date of enactment of this

1 Act, shall continue to apply through the 2012 crop year  
2 with respect to all covered commodities (as defined in sec-  
3 tion 1001 of that Act (7 U.S.C. 8702)) and peanuts on  
4 a farm.

5 **SEC. 1103. REPEAL OF AVERAGE CROP REVENUE ELECTION**  
6 **PROGRAM.**

7 (a) REPEAL.—Section 1105 of the Food, Conserva-  
8 tion, and Energy Act of 2008 (7 U.S.C. 8715) is repealed.

9 (b) CONTINUED APPLICATION FOR 2012 CROP  
10 YEAR.—Section 1105 of the Food, Conservation, and En-  
11 ergy Act of 2008 (7 U.S.C. 8715), as in effect on the day  
12 before the date of enactment of this Act, shall continue  
13 to apply through the 2012 crop year with respect to all  
14 covered commodities (as defined in section 1001 of that  
15 Act (7 U.S.C. 8702)) and peanuts on a farm for which  
16 the irrevocable election under section 1105 of that Act is  
17 made before the date of enactment of this Act.

18 **SEC. 1104. DEFINITIONS.**

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

20 (1) ACTUAL CROP REVENUE.—The term “ac-  
21 tual crop revenue”, with respect to a covered com-  
22 modity for a crop year, means the amount deter-  
23 mined by the Secretary under section 1105(c)(3) to  
24 determine whether agriculture risk coverage pay-  
25 ments are required to be made for that crop year.

1           (2) AGRICULTURE RISK COVERAGE GUAR-  
2 ANTEE.—The term “agriculture risk coverage guar-  
3 antee”, with respect to a covered commodity for a  
4 crop year, means the amount determined by the Sec-  
5 retary under section 1105(c)(4) that establishes  
6 whether agriculture risk coverage payments are re-  
7 quired to be made for that crop year.

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

11           (4) COUNTY COVERAGE.—For the purposes of  
12 agriculture risk coverage under section 1105, the  
13 term “county coverage” means coverage determined  
14 using the total quantity of all acreage in a county  
15 of the covered commodity that is planted or pre-  
16 vented from being planted for harvest by a producer  
17 with the yield determined by the average county  
18 yield described in subsection (c) of that section.

19           (5) COVERED COMMODITY.—

20           (A) IN GENERAL.—The term “covered  
21 commodity” means wheat, corn, grain sorghum,  
22 barley, oats, long grain rice, medium grain rice,  
23 pulse crops, soybeans, other oilseeds, and pea-  
24 nuts.

25           (B) POPCORN.—The Secretary—

1 (i) shall study the feasibility of includ-  
2 ing popcorn as a covered commodity by  
3 2014; and

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

7 (6) ELIGIBLE ACRES.—

8 (A) IN GENERAL.—Except as provided in  
9 subparagraphs (B) through (E), the term “eli-  
10 gible acres” means all acres planted or pre-  
11 vented from being planted to all covered com-  
12 modities on a farm in any crop year.

13 (B) MAXIMUM.—Except as provided in  
14 (C), the total quantity of eligible acres on a  
15 farm determined under subparagraph (A) shall  
16 not exceed the average total acres planted or  
17 prevented from being planted to covered com-  
18 modities and upland cotton on the farm for the  
19 2009 through 2012 crop years, as determined  
20 by the Secretary.

21 (C) ADJUSTMENT.—The Secretary shall  
22 provide for an adjustment, as appropriate, in  
23 the eligible acres for covered commodities for a  
24 farm if any of the following circumstances oc-  
25 curs:

1 (i) If a conservation reserve contract  
2 for a farm in a county entered into under  
3 section 1231 of the Food Security Act of  
4 1985 (16 U.S.C. 3831) expires or is volun-  
5 tarily terminated or cropland is released  
6 from coverage under a conservation reserve  
7 contract, the Secretary shall provide for an  
8 adjustment, as appropriate, in the eligible  
9 acres for the farm to a total quantity that  
10 is the higher of—

11 (I) the total base acreage for the  
12 farm, less any upland cotton base  
13 acreage, that was suspended during  
14 the conservation reserve contract; or

15 (II) the product obtained by mul-  
16 tiplying—

17 (aa) the average proportion  
18 that—

19 (AA) the total number  
20 of acres planted to covered  
21 commodities and upland cot-  
22 ton in the county for crop  
23 years 2009 through 2012;  
24 bears to

1 (BB) the total number  
2 of all acres of covered com-  
3 modities, grassland, and up-  
4 land cotton acres in the  
5 county for the same crop  
6 years; by

7 (bb) the total acres on the  
8 farm.

9 (ii) The producer has eligible oilseed  
10 acreage as the result of the Secretary des-  
11 ignating additional oilseeds, which shall be  
12 determined in the same manner as eligible  
13 oilseed acreage under section  
14 1101(a)(1)(D) of the Food, Conservation,  
15 and Energy Act of 2008 (7 U.S.C.  
16 8711(a)(1)(D)).

17 (iii) The producer has any acreage not  
18 cropped during the 2009 through 2012  
19 crop years, but placed into an established  
20 rotation practice for the purposes of en-  
21 riching land or conserving moisture for  
22 subsequent crop years, including summer  
23 fallow, as determined by the Secretary.

24 (D) EXCLUSION.—The term “eligible  
25 acres” does not include any crop subsequently

1           planted during the same crop year on the same  
2           land for which the first crop is eligible for pay-  
3           ments under this subtitle, unless the crop was  
4           planted in an area approved for double crop-  
5           ping, as determined by the Secretary.

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

8                   (A) is produced from pure strain varieties  
9                   of the Barbadosense species or any hybrid of the  
10                   species, or other similar types of extra long sta-  
11                   ple cotton, designated by the Secretary, having  
12                   characteristics needed for various end uses for  
13                   which United States upland cotton is not suit-  
14                   able and grown in irrigated cotton-growing re-  
15                   gions of the United States designated by the  
16                   Secretary or other areas designated by the Sec-  
17                   retary as suitable for the production of the vari-  
18                   eties or types; and

19                   (B) is ginned on a roller-type gin or, if au-  
20                   thorized by the Secretary, ginned on another  
21                   type gin for experimental purposes.

22           (8) INDIVIDUAL COVERAGE.—For purposes of  
23           agriculture risk coverage under section 1105, the  
24           term “individual coverage” means coverage deter-  
25           mined using the total quantity of all acreage in a

1 county of the covered commodity that is planted or  
2 prevented from being planted for harvest by a pro-  
3 ducer with the yield determined by the average yield  
4 of the producer described in subsection (c) of that  
5 section.

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

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

13 (11) OTHER OILSEED.—The term “other oil-  
14 seed” means a crop of sunflower seed, rapeseed,  
15 canola, safflower, flaxseed, mustard seed, crambe,  
16 sesame seed, or any oilseed designated by the Sec-  
17 retary.

18 (12) PRODUCER.—

19 (A) IN GENERAL.—The term “producer”  
20 means an owner, operator, landlord, tenant, or  
21 sharecropper that shares in the risk of pro-  
22 ducing a crop and is entitled to share in the  
23 crop available for marketing from the farm, or  
24 would have shared had the crop been produced.

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

4                   (i) not take into consideration the ex-  
5                   istence of a hybrid seed contract; and

6                   (ii) ensure that program requirements  
7                   do not adversely affect the ability of the  
8                   grower to receive a payment under this  
9                   title.

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

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

14                   (A) a State;

15                   (B) the District of Columbia;

16                   (C) the Commonwealth of Puerto Rico;

17           and

18                   (D) any other territory or possession of the

19           United States.

20           (15) TRANSITIONAL YIELD.—The term “transi-  
21           tional yield” has the meaning given the term in sec-  
22           tion 502(b) of the Federal Crop Insurance Act (7  
23           U.S.C. 1502(b)).

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

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

12 **SEC. 1105. AGRICULTURE RISK COVERAGE.**

13       (a) PAYMENTS REQUIRED.—If the Secretary deter-  
14 mines that payments are required under subsection (c),  
15 the Secretary shall make payments for each covered com-  
16 modity available to producers in accordance with this sec-  
17 tion.

18       (b) COVERAGE ELECTION.—

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

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

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

4 (2) EFFECT OF ELECTION.—The election made  
5 under paragraph (1) shall be binding on the pro-  
6 ducers making the election, regardless of covered  
7 commodities planted, and applicable to all acres  
8 under the operational control of the producers, in a  
9 manner that—

10 (A) acres brought under the operational  
11 control of the producers after the election are  
12 included; and

13 (B) acres no longer under the operational  
14 control of the producers after the election are  
15 no longer subject to the election of the pro-  
16 ducers but become subject to the election of the  
17 subsequent producers.

18 (3) DUTIES OF THE SECRETARY.—The Sec-  
19 retary shall ensure that producers are precluded  
20 from taking any action, including reconstitution,  
21 transfer, or other similar action, that would have the  
22 effect of altering or reversing the election made  
23 under paragraph (1).

24 (c) AGRICULTURE RISK COVERAGE.—

1           (1) PAYMENTS.—The Secretary shall make ag-  
2           riculture risk coverage payments available under this  
3           subsection for each of the 2013 through 2017 crop  
4           years if the Secretary determines that—

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

7                   (B) the agriculture risk coverage guarantee  
8                   for the crop year for the covered commodity.

9           (2) TIME FOR PAYMENTS.—If the Secretary de-  
10          termines under this subsection that agriculture risk  
11          coverage payments are required to be made for the  
12          covered commodity, the agriculture risk coverage  
13          payments shall be made as soon as practicable there-  
14          after.

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

19                   (A)(i) in the case of individual coverage,  
20                   the actual average individual yield for the cov-  
21                   ered commodity, as determined by the Sec-  
22                   retary; or

23                   (ii) in the case of county coverage, the ac-  
24                   tual average yield for the county for the covered

1 commodity, as determined by the Secretary;  
2 and

3 (B) the higher of—

4 (i) the midseason price; or

5 (ii) if applicable, the national mar-  
6 keting assistance loan rate for the covered  
7 commodity under subtitle B.

8 (4) AGRICULTURE RISK COVERAGE GUAR-  
9 ANTEE.—

10 (A) IN GENERAL.—The agriculture risk  
11 coverage guarantee for a crop year for a cov-  
12 ered commodity shall equal 89 percent of the  
13 benchmark revenue.

14 (B) BENCHMARK REVENUE.—

15 (i) IN GENERAL.—The benchmark  
16 revenue shall be the product obtained by  
17 multiplying—

18 (I)(aa) in the case of individual  
19 coverage, subject to clause (ii), the av-  
20 erage individual yield, as determined  
21 by the Secretary, for the most recent  
22 5 crop years, excluding each of the  
23 crop years with the highest and lowest  
24 yields; or

1 (bb) in the case of county cov-  
2 erage, the average county yield, as de-  
3 termined by the Secretary, for the  
4 most recent 5 crop years, excluding  
5 each of the crop years with the high-  
6 est and lowest yields; and

7 (II)(aa) in the case of individual  
8 coverage, subject to clause (iii), the  
9 average national marketing year aver-  
10 age price for the most recent 10 crop  
11 years; or

12 (bb) in the case of county cov-  
13 erage, subject to clause (iii), the aver-  
14 age national marketing year average  
15 price for the most recent 5 crop years,  
16 excluding each of the crop years with  
17 the highest and lowest prices.

18 (ii) USE OF TRANSITIONAL YIELDS.—

19 If the yield determined under clause  
20 (i)(I)—

21 (I) for the 2012 crop year or any  
22 prior crop year, is less than 60 per-  
23 cent of the applicable transitional  
24 yield, as determined by the Secretary,  
25 the Secretary shall use 60 percent of

1 the applicable transitional yield for  
2 that crop year; and

3 (II) for the 2013 crop year and  
4 any subsequent crop year, is less than  
5 70 percent of the applicable transi-  
6 tional yield, as determined by the Sec-  
7 retary, the Secretary shall use 70 per-  
8 cent of the applicable transitional  
9 yield for that crop year.

10 (iii) SPECIAL RULE FOR RICE AND  
11 PEANUTS.—If the national marketing year  
12 average price under clause (i)(II) for any  
13 of the applicable crop years is lower than  
14 the price for the covered commodity listed  
15 below, the Secretary shall use the following  
16 price for that crop year:

17 (I) For long grain rice, \$13.00  
18 per hundredweight.

19 (II) For medium grain rice,  
20 \$13.00 per hundredweight.

21 (III) For peanuts, \$530.00 per  
22 ton.

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

25 (A) the amount that—

1 (i) the agriculture risk coverage guar-  
2 antee for the covered commodity; exceeds

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

5 (B) 10 percent of the benchmark revenue  
6 for the crop year of the covered commodity.

7 (6) PAYMENT AMOUNT.—If agriculture risk  
8 coverage payments under this subsection are re-  
9 quired to be paid for any of the 2013 through 2017  
10 crop years of a covered commodity, the amount of  
11 the agriculture risk coverage payment for the crop  
12 year shall be equal to the product obtained by multi-  
13 plying—

14 (A) the payment rate under paragraph (5);

15 and

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

17 (I) in the case of eligible acres that  
18 were planted to the covered commodity, 65  
19 percent of the eligible acres of the covered  
20 commodity; and

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

24 (ii) in the case of county coverage—

1 (I) in the case of eligible acres that  
2 were planted to the covered commodity, 80  
3 percent of the eligible acres of the covered  
4 commodity of the producer; and

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

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

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

15 (B) to the maximum extent practicable,  
16 calculate a separate agriculture risk coverage  
17 guarantee for irrigated and nonirrigated cov-  
18 ered commodities;

19 (C) differentiate by type or class the na-  
20 tional average price of—

21 (i) sunflower seeds;

22 (ii) barley, using malting barley val-  
23 ues; and

24 (iii) wheat; and

1 (D) assign a yield for each acre planted or  
2 prevented from being planted for the crop year  
3 for the covered commodity on the basis of the  
4 yield history of representative farms in the  
5 State, region, or crop reporting district, as de-  
6 termined by the Secretary, if the Secretary can-  
7 not establish the yield as determined under  
8 paragraph (4)(B)(i) for each planted acre for a  
9 crop year for a covered commodity in accord-  
10 ance with paragraph (4) or if the yield deter-  
11 mined under paragraph (4) is an unrepresenta-  
12 tive average yield for the farm (as determined  
13 by the Secretary).

14 **SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDI-**  
15 **TION OF PROVISION OF PAYMENTS.**

16 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

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

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

1 (B) to comply with applicable wetland pro-  
2 tection requirements under subtitle C of title  
3 XII of that Act (16 U.S.C. 3821 et seq.);

4 (C) to use the land on the farm for an ag-  
5 ricultural or conserving use in a quantity equal  
6 to the attributable eligible acres of the farm,  
7 and not for a nonagricultural commercial, in-  
8 dustrial, or residential use, as determined by  
9 the Secretary; and

10 (D) to effectively control noxious weeds  
11 and otherwise maintain the land in accordance  
12 with sound agricultural practices, as determined  
13 by the Secretary, if the agricultural or con-  
14 serving use involves the noncultivation of any  
15 portion of the land referred to in subparagraph  
16 (C).

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

21 (3) MODIFICATION.—At the request of the  
22 transferee or owner, the Secretary may modify the  
23 requirements of this subsection if the modifications  
24 are consistent with the objectives of this subsection,  
25 as determined by the Secretary.

1 (b) TRANSFER OR CHANGE OF INTEREST IN  
2 FARM.—

3 (1) TERMINATION.—

4 (A) IN GENERAL.—Except as provided in  
5 paragraph (2), a transfer of (or change in) the  
6 interest of the producers on a farm for which  
7 agriculture risk coverage payments are made  
8 shall result in the termination of the agriculture  
9 risk coverage payments, unless the transferee or  
10 owner of the acreage agrees to assume all obli-  
11 gations under subsection (a).

12 (B) EFFECTIVE DATE.—The termination  
13 shall take effect on the date determined by the  
14 Secretary.

15 (2) EXCEPTION.—If a producer entitled to an  
16 agriculture risk coverage payment dies, becomes in-  
17 competent, or is otherwise unable to receive the pay-  
18 ment, the Secretary shall make the payment, in ac-  
19 cordance with rules issued by the Secretary.

20 (c) REPORTS.—

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

1           (2) PRODUCTION REPORTS.—As a condition on  
2           the receipt of any benefits under section 1105, the  
3           Secretary shall require producers on a farm to sub-  
4           mit to the Secretary annual production reports with  
5           respect to all covered commodities produced on the  
6           farm.

7           (3) PENALTIES.—No penalty with respect to  
8           benefits under this subtitle or subtitle B shall be as-  
9           sessed against the producers on a farm for an inac-  
10          curate acreage or production report unless the pro-  
11          ducers on the farm knowingly and willfully falsified  
12          the acreage or production report.

13          (4) DATA REPORTING.—To the maximum ex-  
14          tent practicable, the Secretary shall use data re-  
15          ported by the producer pursuant to requirements  
16          under the Federal Crop Insurance Act (7 U.S.C.  
17          1501 et seq.) to meet the obligations described in  
18          paragraphs (1) and (2), without additional submis-  
19          sions to the Department.

20          (d) TENANTS AND SHARECROPPERS.—In carrying  
21          out this subtitle, the Secretary shall provide adequate safe-  
22          guards to protect the interests of tenants and share-  
23          croppers.

1 **SEC. 1107. PERIOD OF EFFECTIVENESS.**

2 This subtitle shall be effective beginning with the  
3 2013 crop year of each covered commodity through the  
4 2017 crop year.

5 **Subtitle B—Marketing Assistance**  
6 **Loans and Loan Deficiency Pay-**  
7 **ments**

8 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**  
9 **ASSISTANCE LOANS FOR LOAN COMMOD-**  
10 **ITIES.**

11 (a) DEFINITION OF LOAN COMMODITY.—In this sub-  
12 title, the term “loan commodity” means wheat, corn, grain  
13 sorghum, barley, oats, upland cotton, extra long staple  
14 cotton, long grain rice, medium grain rice, peanuts, soy-  
15 beans, other oilseeds, graded wool, nongraded wool, mo-  
16 hair, honey, dry peas, lentils, small chickpeas, and large  
17 chickpeas.

18 (b) NONRECOURSE LOANS AVAILABLE.—

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

24 (2) TERMS AND CONDITIONS.—The marketing  
25 assistance loans shall be made under terms and con-  
26 ditions that are prescribed by the Secretary and at

1 the loan rate established under section 1202 for the  
2 loan commodity.

3 (c) ELIGIBLE PRODUCTION.—The producers on a  
4 farm shall be eligible for a marketing assistance loan  
5 under subsection (b) for any quantity of a loan commodity  
6 produced on the farm.

7 (d) COMPLIANCE WITH CONSERVATION AND WET-  
8 LANDS REQUIREMENTS.—

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

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

19 (B) to comply with applicable wetland pro-  
20 tection requirements under subtitle C of title  
21 XII of that Act (16 U.S.C. 3821 et seq.);

22 (C) to use the land on the farm for an ag-  
23 ricultural or conserving use in a quantity equal  
24 to the attributable eligible acres of the farm,  
25 and not for a nonagricultural commercial, in-

1           dustrial, or residential use, as determined by  
2           the Secretary; and

3           (D) to effectively control noxious weeds  
4           and otherwise maintain the land in accordance  
5           with sound agricultural practices, as determined  
6           by the Secretary, if the agricultural or con-  
7           serving use involves the noncultivation of any  
8           portion of the land referred to in subparagraph  
9           (C).

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

13          (3) MODIFICATION.—At the request of a trans-  
14          feree or owner, the Secretary may modify the re-  
15          quirements of this subsection if the modifications  
16          are consistent with the purposes of this subsection,  
17          as determined by the Secretary.

18          (e) SPECIAL RULES FOR PEANUTS.—

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

21           (2) OPTIONS FOR OBTAINING LOAN.—A mar-  
22           keting assistance loan under this section, and loan  
23           deficiency payments under section 1205, may be ob-  
24           tained at the option of the producers on a farm  
25           through—

1 (A) a designated marketing association or  
2 marketing cooperative of producers that is ap-  
3 proved by the Secretary; or

4 (B) the Farm Service Agency.

5 (3) STORAGE OF LOAN PEANUTS.—As a condi-  
6 tion on the approval by the Secretary of an indi-  
7 vidual or entity to provide storage for peanuts for  
8 which a marketing assistance loan is made under  
9 this section, the individual or entity shall agree—

10 (A) to provide the storage on a nondiscrim-  
11 inatory basis; and

12 (B) to comply with such additional require-  
13 ments as the Secretary considers appropriate to  
14 accomplish the purposes of this section and pro-  
15 mote fairness in the administration of the bene-  
16 fits of this section.

17 (4) STORAGE, HANDLING, AND ASSOCIATED  
18 COSTS.—

19 (A) IN GENERAL.—To ensure proper stor-  
20 age of peanuts for which a loan is made under  
21 this section, the Secretary shall pay handling  
22 and other associated costs (other than storage  
23 costs) incurred at the time at which the peanuts  
24 are placed under loan, as determined by the  
25 Secretary.

1 (B) REDEMPTION AND FORFEITURE.—The  
2 Secretary shall—

3 (i) require the repayment of handling  
4 and other associated costs paid under sub-  
5 paragraph (A) for all peanuts pledged as  
6 collateral for a loan that is redeemed under  
7 this section; and

8 (ii) pay storage, handling, and other  
9 associated costs for all peanuts pledged as  
10 collateral that are forfeited under this sec-  
11 tion.

12 (5) MARKETING.—A marketing association or  
13 cooperative may market peanuts for which a loan is  
14 made under this section in any manner that con-  
15 forms to consumer needs, including the separation of  
16 peanuts by type and quality.

17 (6) REIMBURSABLE AGREEMENTS AND PAY-  
18 MENT OF ADMINISTRATIVE EXPENSES.—The Sec-  
19 retary may implement any reimbursable agreements  
20 or provide for the payment of administrative ex-  
21 penses under this subsection only in a manner that  
22 is consistent with those activities in regard to other  
23 loan commodities.

1 **SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING**  
2 **ASSISTANCE LOANS.**

3 (a) IN GENERAL.—For purposes of each of the 2013  
4 through 2017 crop years, the loan rate for a marketing  
5 assistance loan under section 1201 for a loan commodity  
6 shall be equal to the following:

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

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

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

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

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

13 (6) In the case of base quality of upland cotton,  
14 for the 2013 and each subsequent crop year, the  
15 simple average of the adjusted prevailing world price  
16 for the 2 immediately preceding marketing years, as  
17 determined by the Secretary and announced October  
18 1 preceding the next domestic plantings, but in no  
19 case less than \$0.47 per pound or more than \$0.52  
20 per pound.

21 (7) In the case of extra long staple cotton,  
22 \$0.7977 per pound.

23 (8) In the case of long grain rice, \$6.50 per  
24 hundredweight.

25 (9) In the case of medium grain rice, \$6.50 per  
26 hundredweight.

1           (10) In the case of soybeans, \$5.00 per bushel.

2           (11) In the case of other oilseeds, \$10.09 per  
3 hundredweight for each of the following kinds of oil-  
4 seeds:

5           (A) Sunflower seed.

6           (B) Rapeseed.

7           (C) Canola.

8           (D) Safflower.

9           (E) Flaxseed.

10          (F) Mustard seed.

11          (G) Crambe.

12          (H) Sesame seed.

13          (I) Other oilseeds designated by the Sec-  
14 retary.

15          (12) In the case of dry peas, \$5.40 per hun-  
16 dredweight.

17          (13) In the case of lentils, \$11.28 per hundred-  
18 weight.

19          (14) In the case of small chickpeas, \$7.43 per  
20 hundredweight.

21          (15) In the case of large chickpeas, \$11.28 per  
22 hundredweight.

23          (16) In the case of graded wool, \$1.15 per  
24 pound.

1           (17) In the case of nongraded wool, \$0.40 per  
2           pound.

3           (18) In the case of mohair, \$4.20 per pound.

4           (19) In the case of honey, \$0.69 per pound.

5           (20) In the case of peanuts, \$355 per ton.

6           (b) SINGLE COUNTY LOAN RATE FOR OTHER OIL-  
7 SEEDS.—The Secretary shall establish a single loan rate  
8 in each county for each kind of other oilseeds described  
9 in subsection (a)(11).

10 **SEC. 1203. TERM OF LOANS.**

11           (a) TERM OF LOAN.—In the case of each loan com-  
12 modity, a marketing assistance loan under section 1201  
13 shall have a term of 9 months beginning on the first day  
14 of the first month after the month in which the loan is  
15 made.

16           (b) EXTENSIONS PROHIBITED.—The Secretary may  
17 not extend the term of a marketing assistance loan for  
18 any loan commodity.

19 **SEC. 1204. REPAYMENT OF LOANS.**

20           (a) GENERAL RULE.—The Secretary shall permit the  
21 producers on a farm to repay a marketing assistance loan  
22 under section 1201 for a loan commodity (other than up-  
23 land cotton, long grain rice, medium grain rice, extra long  
24 staple cotton, peanuts and confectionery and each other

1 kind of sunflower seed (other than oil sunflower seed)) at  
2 a rate that is the lesser of—

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

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

10 (A) is calculated based on average market  
11 prices for the loan commodity during the pre-  
12 ceding 30-day period; and

13 (B) will minimize discrepancies in mar-  
14 keting loan benefits across State boundaries  
15 and across county boundaries; or

16 (3) a rate that the Secretary may develop using  
17 alternative methods for calculating a repayment rate  
18 for a loan commodity that the Secretary determines  
19 will—

20 (A) minimize potential loan forfeitures;

21 (B) minimize the accumulation of stocks of  
22 the commodity by the Federal Government;

23 (C) minimize the cost incurred by the Fed-  
24 eral Government in storing the commodity;

1                   (D) allow the commodity produced in the  
2                   United States to be marketed freely and com-  
3                   petitively, both domestically and internationally;  
4                   and

5                   (E) minimize discrepancies in marketing  
6                   loan benefits across State boundaries and  
7                   across county boundaries.

8           (b) REPAYMENT RATES FOR UPLAND COTTON, LONG  
9   GRAIN RICE, AND MEDIUM GRAIN RICE.—The Secretary  
10 shall permit producers to repay a marketing assistance  
11 loan under section 1201 for upland cotton, long grain rice,  
12 and medium grain rice at a rate that is the lesser of—

13                   (1) the loan rate established for the commodity  
14                   under section 1202, plus interest (determined in ac-  
15                   cordance with section 163 of the Federal Agriculture  
16                   Improvement and Reform Act of 1996 (7 U.S.C.  
17                   7283)); or

18                   (2) the prevailing world market price for the  
19                   commodity, as determined and adjusted by the Sec-  
20                   retary in accordance with this section.

21           (c) REPAYMENT RATES FOR EXTRA LONG STAPLE  
22   COTTON.—Repayment of a marketing assistance loan for  
23 extra long staple cotton shall be at the loan rate estab-  
24 lished for the commodity under section 1202, plus interest  
25 (determined in accordance with section 163 of the Federal

1 Agriculture Improvement and Reform Act of 1996 (7  
2 U.S.C. 7283)).

3 (d) PREVAILING WORLD MARKET PRICE.—For pur-  
4 poses of this section and section 1207, the Secretary shall  
5 prescribe by regulation—

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

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

12 (e) ADJUSTMENT OF PREVAILING WORLD MARKET  
13 PRICE FOR UPLAND COTTON, LONG GRAIN RICE, AND  
14 MEDIUM GRAIN RICE.—

15 (1) RICE.—The prevailing world market price  
16 for long grain rice and medium grain rice deter-  
17 mined under subsection (d) shall be adjusted to  
18 United States quality and location.

19 (2) COTTON.—The prevailing world market  
20 price for upland cotton determined under subsection  
21 (d)—

22 (A) shall be adjusted to United States  
23 quality and location, with the adjustment to in-  
24 clude—

1 (i) a reduction equal to any United  
2 States Premium Factor for upland cotton  
3 of a quality higher than Middling (M)  
4  $1\frac{3}{32}$ -inch; and

5 (ii) the average costs to market the  
6 commodity, including average transpor-  
7 tation costs, as determined by the Sec-  
8 retary; and

9 (B) may be further adjusted, during the  
10 period beginning on the date of enactment of  
11 this Act and ending on July 31, 2018, if the  
12 Secretary determines the adjustment is nec-  
13 essary—

14 (i) to minimize potential loan forfeit-  
15 ures;

16 (ii) to minimize the accumulation of  
17 stocks of upland cotton by the Federal  
18 Government;

19 (iii) to ensure that upland cotton pro-  
20 duced in the United States can be mar-  
21 keted freely and competitively, both domes-  
22 tically and internationally; and

23 (iv) to ensure an appropriate transi-  
24 tion between current-crop and forward-  
25 crop price quotations, except that the Sec-

1           retary may use forward-crop price  
2           quotations prior to July 31 of a marketing  
3           year only if—

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

6                   (II) the forward-crop price  
7                   quotation is the lowest such quotation  
8                   available.

9           (3) GUIDELINES FOR ADDITIONAL ADJUST-  
10          MENTS.—In making adjustments under this sub-  
11          section, the Secretary shall establish a mechanism  
12          for determining and announcing the adjustments in  
13          order to avoid undue disruption in the United States  
14          market.

15          (f) REPAYMENT RATES FOR CONFECTIONERY AND  
16          OTHER KINDS OF SUNFLOWER SEEDS.—The Secretary  
17          shall permit the producers on a farm to repay a marketing  
18          assistance loan under section 1201 for confectionery and  
19          each other kind of sunflower seed (other than oil sunflower  
20          seed) at a rate that is the lesser of—

21                   (1) the loan rate established for the commodity  
22                   under section 1202, plus interest (determined in ac-  
23                   cordance with section 163 of the Federal Agriculture  
24                   Improvement and Reform Act of 1996 (7 U.S.C.  
25                   7283)); or

1           (2) the repayment rate established for oil sun-  
2 flower seed.

3           (g) PAYMENT OF COTTON STORAGE COSTS.—Effec-  
4 tive for each of the 2013 through 2017 crop years, the  
5 Secretary shall make cotton storage payments available in  
6 the same manner, and at the same rates as the Secretary  
7 provided storage payments for the 2006 crop of cotton,  
8 except that the rates shall be reduced by 20 percent.

9           (h) REPAYMENT RATE FOR PEANUTS.—The Sec-  
10 retary shall permit producers on a farm to repay a mar-  
11 keting assistance loan for peanuts under subsection (a) at  
12 a rate that is the lesser of—

13           (1) the loan rate established for peanuts under  
14 subsection (b), plus interest (determined in accord-  
15 ance with section 163 of the Federal Agriculture Im-  
16 provement and Reform Act of 1996 (7 U.S.C.  
17 7283)); or

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

19                   (A) minimize potential loan forfeitures;

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

22                   (C) minimize the cost incurred by the Fed-  
23 eral Government in storing peanuts; and

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

4 (i) **AUTHORITY TO TEMPORARILY ADJUST REPAY-**  
5 **MENT RATES.—**

6 (1) **ADJUSTMENT AUTHORITY.—**In the event of  
7 a severe disruption to marketing, transportation, or  
8 related infrastructure, the Secretary may modify the  
9 repayment rate otherwise applicable under this sec-  
10 tion for marketing assistance loans under section  
11 1201 for a loan commodity.

12 (2) **DURATION.—**Any adjustment made under  
13 paragraph (1) in the repayment rate for marketing  
14 assistance loans for a loan commodity shall be in ef-  
15 fect on a short-term and temporary basis, as deter-  
16 mined by the Secretary.

17 **SEC. 1205. LOAN DEFICIENCY PAYMENTS.**

18 (a) **AVAILABILITY OF LOAN DEFICIENCY PAY-**  
19 **MENTS.—**

20 (1) **IN GENERAL.—**Except as provided in sub-  
21 section (d), the Secretary may make loan deficiency  
22 payments available to producers on a farm that, al-  
23 though eligible to obtain a marketing assistance loan  
24 under section 1201 with respect to a loan com-  
25 modity, agree to forgo obtaining the loan for the

1 commodity in return for loan deficiency payments  
2 under this section.

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

4 (A) MARKETING ASSISTANCE LOANS.—

5 Subject to subparagraph (B), nongraded wool  
6 in the form of unshorn pelts and hay and silage  
7 derived from a loan commodity are not eligible  
8 for a marketing assistance loan under section  
9 1201.

10 (B) LOAN DEFICIENCY PAYMENT.—Effective  
11 tive for the 2013 through 2017 crop years, the  
12 Secretary may make loan deficiency payments  
13 available under this section to producers on a  
14 farm that produce unshorn pelts or hay and si-  
15 lage derived from a loan commodity.

16 (b) COMPUTATION.—A loan deficiency payment for a  
17 loan commodity or commodity referred to in subsection  
18 (a)(2) shall be equal to the product obtained by multi-  
19 plying—

20 (1) the payment rate determined under sub-  
21 section (c) for the commodity; by

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

1 (c) PAYMENT RATE.—

2 (1) IN GENERAL.—In the case of a loan com-  
3 modity, the payment rate shall be the amount by  
4 which—

5 (A) the loan rate established under section  
6 1202 for the loan commodity; exceeds

7 (B) the rate at which a marketing assist-  
8 ance loan for the loan commodity may be repaid  
9 under section 1204.

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

13 (A) the loan rate established under section  
14 1202 for ungraded wool; exceeds

15 (B) the rate at which a marketing assist-  
16 ance loan for ungraded wool may be repaid  
17 under section 1204.

18 (3) HAY AND SILAGE.—In the case of hay or si-  
19 lage derived from a loan commodity, the payment  
20 rate shall be the amount by which—

21 (A) the loan rate established under section  
22 1202 for the loan commodity from which the  
23 hay or silage is derived; exceeds

1                   (B) the rate at which a marketing assist-  
2                   ance loan for the loan commodity may be repaid  
3                   under section 1204.

4           (d) EXCEPTION FOR EXTRA LONG STAPLE COT-  
5 TON.—This section shall not apply with respect to extra  
6 long staple cotton.

7           (e) EFFECTIVE DATE FOR PAYMENT RATE DETER-  
8 MINATION.—The Secretary shall determine the amount of  
9 the loan deficiency payment to be made under this section  
10 to the producers on a farm with respect to a quantity of  
11 a loan commodity or commodity referred to in subsection  
12 (a)(2) using the payment rate in effect under subsection  
13 (c) as of the date the producers request the payment.

14 **SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**  
15 **MENTS FOR GRAZED ACREAGE.**

16           (a) ELIGIBLE PRODUCERS.—

17                   (1) IN GENERAL.—Effective for the 2013  
18 through 2017 crop years, in the case of a producer  
19 that would be eligible for a loan deficiency payment  
20 under section 1205 for wheat, barley, or oats, but  
21 that elects to use acreage planted to the wheat, bar-  
22 ley, or oats for the grazing of livestock, the Sec-  
23 retary shall make a payment to the producer under  
24 this section if the producer enters into an agreement

1 with the Secretary to forgo any other harvesting of  
2 the wheat, barley, or oats on that acreage.

3 (2) GRAZING OF TRITICALE ACREAGE.—Effective  
4 tive for the 2013 through 2017 crop years, with re-  
5 spect to a producer on a farm that uses acreage  
6 planted to triticale for the grazing of livestock, the  
7 Secretary shall make a payment to the producer  
8 under this section if the producer enters into an  
9 agreement with the Secretary to forgo any other  
10 harvesting of triticale on that acreage.

11 (b) PAYMENT AMOUNT.—

12 (1) IN GENERAL.—The amount of a payment  
13 made under this section to a producer on a farm de-  
14 scribed in subsection (a)(1) shall be equal to the  
15 amount determined by multiplying—

16 (A) the loan deficiency payment rate deter-  
17 mined under section 1205(c) in effect, as of the  
18 date of the agreement, for the county in which  
19 the farm is located; by

20 (B) the payment quantity determined by  
21 multiplying—

22 (i) the quantity of the grazed acreage  
23 on the farm with respect to which the pro-  
24 ducer elects to forgo harvesting of wheat,  
25 barley, or oats; and

1                   (ii)(I) the yield in effect for the cal-  
2                   culation of agriculture risk coverage pay-  
3                   ments under subtitle A with respect to that  
4                   loan commodity on the farm; or

5                   (II) in the case of a farm without a  
6                   payment yield for that loan commodity, an  
7                   appropriate yield established by the Sec-  
8                   retary.

9                   (2) GRAZING OF TRITICALE ACREAGE.—The  
10                  amount of a payment made under this section to a  
11                  producer on a farm described in subsection (a)(2)  
12                  shall be equal to the amount determined by multi-  
13                  plying—

14                  (A) the loan deficiency payment rate deter-  
15                  mined under section 1205(c) in effect for  
16                  wheat, as of the date of the agreement, for the  
17                  county in which the farm is located; by

18                  (B) the payment quantity determined by  
19                  multiplying—

20                         (i) the quantity of the grazed acreage  
21                         on the farm with respect to which the pro-  
22                         ducer elects to forgo harvesting of triticale;  
23                         and

24                         (ii)(I) the yield in effect for the cal-  
25                         culation of agriculture risk coverage pay-

1                   ments under subtitle A with respect to  
2                   wheat on the farm; or

3                   (II) in the case of a farm without a  
4                   payment yield for wheat, an appropriate  
5                   yield established by the Secretary in a  
6                   manner consistent with section 1102 of the  
7                   Food, Conservation, and Energy Act of  
8                   2008 (7 U.S.C. 8712).

9           (c) TIME, MANNER, AND AVAILABILITY OF PAY-  
10 MENT.—

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

15           (2) AVAILABILITY.—

16           (A) IN GENERAL.—The Secretary shall es-  
17           tablish an availability period for the payments  
18           authorized by this section.

19           (B) CERTAIN COMMODITIES.—In the case  
20           of wheat, barley, and oats, the availability pe-  
21           riod shall be consistent with the availability pe-  
22           riod for the commodity established by the Sec-  
23           retary for marketing assistance loans author-  
24           ized by this subtitle.

1 (d) PROHIBITION ON CROP INSURANCE INDEMNITY  
2 OR NONINSURED CROP ASSISTANCE.—A 2013 through  
3 2017 crop of wheat, barley, oats, or triticale planted on  
4 acreage that a producer elects, in the agreement required  
5 by subsection (a), to use for the grazing of livestock in  
6 lieu of any other harvesting of the crop shall not be eligible  
7 for an indemnity under a policy or plan of insurance au-  
8 thorized under the Federal Crop Insurance Act (7 U.S.C.  
9 1501 et seq.) or noninsured crop assistance under section  
10 196 of the Federal Agriculture Improvement and Reform  
11 Act of 1996 (7 U.S.C. 7333).

12 **SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR**  
13 **UPLAND COTTON.**

14 (a) SPECIAL IMPORT QUOTA.—

15 (1) DEFINITION OF SPECIAL IMPORT QUOTA.—

16 In this subsection, the term “special import quota”  
17 means a quantity of imports that is not subject to  
18 the over-quota tariff rate of a tariff-rate quota.

19 (2) ESTABLISHMENT.—

20 (A) IN GENERAL.—The President shall  
21 carry out an import quota program during the  
22 period beginning on August 1, 2013, and end-  
23 ing on July 31, 2018, as provided in this sub-  
24 section.

1                   (B) PROGRAM REQUIREMENTS.—Whenever  
2                   the Secretary determines and announces that  
3                   for any consecutive 4-week period, the Friday  
4                   through Thursday average price quotation for  
5                   the lowest-priced United States growth, as  
6                   quoted for Middling (M) 1<sup>3</sup>/<sub>32</sub>-inch cotton, deliv-  
7                   ered to a definable and significant international  
8                   market, as determined by the Secretary, ex-  
9                   ceeds the prevailing world market price, there  
10                  shall immediately be in effect a special import  
11                  quota.

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

18                 (4) APPLICATION.—The quota shall apply to  
19                 upland cotton purchased not later than 90 days  
20                 after the date of the Secretary's announcement  
21                 under paragraph (2) and entered into the United  
22                 States not later than 180 days after that date.

23                 (5) OVERLAP.—A special quota period may be  
24                 established that overlaps any existing quota period if  
25                 required by paragraph (2), except that a special

1 quota period may not be established under this sub-  
2 section if a quota period has been established under  
3 subsection (b).

4 (6) PREFERENTIAL TARIFF TREATMENT.—The  
5 quantity under a special import quota shall be con-  
6 sidered to be an in-quota quantity for purposes of—

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

9 (B) section 204 of the Andean Trade Pref-  
10 erence Act (19 U.S.C. 3203);

11 (C) section 503(d) of the Trade Act of  
12 1974 (19 U.S.C. 2463(d)); and

13 (D) General Note 3(a)(iv) to the Har-  
14 monized Tariff Schedule.

15 (7) LIMITATION.—The quantity of cotton en-  
16 tered into the United States during any marketing  
17 year under the special import quota established  
18 under this subsection may not exceed the equivalent  
19 of 10 week's consumption of upland cotton by do-  
20 mestic mills at the seasonally adjusted average rate  
21 of the 3 months immediately preceding the first spe-  
22 cial import quota established in any marketing year.

23 (b) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND  
24 COTTON.—

25 (1) DEFINITIONS.—In this subsection:

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

3 (i) the average seasonally adjusted an-  
4 nual rate of domestic mill consumption of  
5 cotton during the most recent 3 months  
6 for which official data of the Department  
7 of Agriculture (as determined by the Sec-  
8 retary) are available; and

9 (ii) the larger of—

10 (I) average exports of upland cot-  
11 ton during the preceding 6 marketing  
12 years; or

13 (II) cumulative exports of upland  
14 cotton plus outstanding export sales  
15 for the marketing year in which the  
16 quota is established.

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

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

24 (i) the carryover of upland cotton at  
25 the beginning of the marketing year (ad-

1                   justed to 480-pound bales) in which the  
2                   quota is established;

3                   (ii) production of the current crop;  
4                   and

5                   (iii) imports to the latest date avail-  
6                   able during the marketing year.

7                   (2) PROGRAM.—The President shall carry out  
8                   an import quota program that provides that when-  
9                   ever the Secretary determines and announces that  
10                  the average price of the base quality of upland cot-  
11                  ton, as determined by the Secretary, in the des-  
12                  ignated spot markets for a month exceeded 130 per-  
13                  cent of the average price of the quality of cotton in  
14                  the markets for the preceding 36 months, notwith-  
15                  standing any other provision of law, there shall im-  
16                  mediately be in effect a limited global import quota  
17                  subject to the following conditions:

18                  (A) QUANTITY.—The quantity of the quota  
19                  shall be equal to 21 days of domestic mill con-  
20                  sumption of upland cotton at the seasonally ad-  
21                  justed average rate of the most recent 3 months  
22                  for which official data of the Department of Ag-  
23                  riculture are available or as estimated by the  
24                  Secretary.

1 (B) QUANTITY IF PRIOR QUOTA.—If a  
2 quota has been established under this sub-  
3 section during the preceding 12 months, the  
4 quantity of the quota next established under  
5 this subsection shall be the smaller of 21 days  
6 of domestic mill consumption calculated under  
7 subparagraph (A) or the quantity required to  
8 increase the supply to 130 percent of the de-  
9 mand.

10 (C) PREFERENTIAL TARIFF TREAT-  
11 MENT.—The quantity under a limited global  
12 import quota shall be considered to be an in-  
13 quota quantity for purposes of—

14 (i) section 213(d) of the Caribbean  
15 Basin Economic Recovery Act (19 U.S.C.  
16 2703(d));

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

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

21 (iv) General Note 3(a)(iv) to the Har-  
22 monized Tariff Schedule.

23 (D) QUOTA ENTRY PERIOD.—When a  
24 quota is established under this subsection, cot-  
25 ton may be entered under the quota during the

1           90-day period beginning on the date the quota  
2           is established by the Secretary.

3           (3) NO OVERLAP.—Notwithstanding paragraph  
4           (2), a quota period may not be established that over-  
5           laps an existing quota period or a special quota pe-  
6           riod established under subsection (a).

7           (c) ECONOMIC ADJUSTMENT ASSISTANCE TO USERS  
8 OF UPLAND COTTON.—

9           (1) IN GENERAL.—Subject to paragraph (2),  
10          the Secretary shall, on a monthly basis, make eco-  
11          nomic adjustment assistance available to domestic  
12          users of upland cotton in the form of payments for  
13          all documented use of that upland cotton during the  
14          previous monthly period regardless of the origin of  
15          the upland cotton.

16          (2) VALUE OF ASSISTANCE.—Effective begin-  
17          ning on August 1, 2012, the value of the assistance  
18          provided under paragraph (1) shall be 3 cents per  
19          pound.

20          (3) ALLOWABLE PURPOSES.—Economic adjust-  
21          ment assistance under this subsection shall be made  
22          available only to domestic users of upland cotton  
23          that certify that the assistance shall be used only to  
24          acquire, construct, install, modernize, develop, con-

1       vert, or expand land, plant, buildings, equipment, fa-  
2       cilities, or machinery.

3           (4) REVIEW OR AUDIT.—The Secretary may  
4       conduct such review or audit of the records of a do-  
5       mestic user under this subsection as the Secretary  
6       determines necessary to carry out this subsection.

7           (5) IMPROPER USE OF ASSISTANCE.—If the  
8       Secretary determines, after a review or audit of the  
9       records of the domestic user, that economic adjust-  
10      ment assistance under this subsection was not used  
11      for the purposes specified in paragraph (3), the do-  
12      mestic user shall be—

13           (A) liable for the repayment of the assist-  
14      ance to the Secretary, plus interest, as deter-  
15      mined by the Secretary; and

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

19   **SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA**  
20           **LONG STAPLE COTTON.**

21           (a) COMPETITIVENESS PROGRAM.—Notwithstanding  
22      any other provision of law, during the period beginning  
23      on the date of enactment of this Act through July 31,  
24      2018, the Secretary shall carry out a program—

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

4           (2) to increase exports of extra long staple cot-  
5           ton produced in the United States; and

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

9           (b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under  
10          the program, the Secretary shall make payments available  
11          under this section whenever—

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

20           (2) the lowest priced competing growth of extra  
21           long staple cotton (adjusted to United States quality  
22           and location and for other factors affecting the com-  
23           petitiveness of such cotton), as determined by the  
24           Secretary, is less than 134 percent of the loan rate  
25           for extra long staple cotton.

1 (c) ELIGIBLE RECIPIENTS.—The Secretary shall  
2 make payments available under this section to domestic  
3 users of extra long staple cotton produced in the United  
4 States and exporters of extra long staple cotton produced  
5 in the United States that enter into an agreement with  
6 the Commodity Credit Corporation to participate in the  
7 program under this section.

8 (d) PAYMENT AMOUNT.—Payments under this sec-  
9 tion shall be based on the amount of the difference in the  
10 prices referred to in subsection (b)(1) during the fourth  
11 week of the consecutive 4-week period multiplied by the  
12 amount of documented purchases by domestic users and  
13 sales for export by exporters made in the week following  
14 such a consecutive 4-week period.

15 **SEC. 1209. AVAILABILITY OF RECOURSE LOANS FOR HIGH**  
16 **MOISTURE FEED GRAINS AND SEED COTTON.**

17 (a) HIGH MOISTURE FEED GRAINS.—

18 (1) DEFINITION OF HIGH MOISTURE STATE.—  
19 In this subsection, the term “high moisture state”  
20 means corn or grain sorghum having a moisture con-  
21 tent in excess of Commodity Credit Corporation  
22 standards for marketing assistance loans made by  
23 the Secretary under section 1201.

24 (2) RECOURSE LOANS AVAILABLE.—For each of  
25 the 2013 through 2017 crops of corn and grain sor-

1       ghum, the Secretary shall make available recourse  
2       loans, as determined by the Secretary, to producers  
3       on a farm that—

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

7               (B) present—

8                       (i) certified scale tickets from an in-  
9       spected, certified commercial scale, includ-  
10      ing a licensed warehouse, feedlot, feed mill,  
11      distillery, or other similar entity approved  
12      by the Secretary, pursuant to regulations  
13      issued by the Secretary; or

14                      (ii) field or other physical measure-  
15      ments of the standing or stored crop in re-  
16      gions of the United States, as determined  
17      by the Secretary, that do not have certified  
18      commercial scales from which certified  
19      scale tickets may be obtained within rea-  
20      sonable proximity of harvest operation;

21               (C) certify that the producers on the farm  
22      were the owners of the feed grain at the time  
23      of delivery to, and that the quantity to be  
24      placed under loan under this subsection was in  
25      fact harvested on the farm and delivered to, a

1 feedlot, feed mill, or commercial or on-farm  
2 high-moisture storage facility, or to a facility  
3 maintained by the users of corn and grain sor-  
4 ghum in a high moisture state; and

5 (D) comply with deadlines established by  
6 the Secretary for harvesting the corn or grain  
7 sorghum and submit applications for loans  
8 under this subsection within deadlines estab-  
9 lished by the Secretary.

10 (3) ELIGIBILITY OF ACQUIRED FEED GRAINS.—

11 A loan under this subsection shall be made on a  
12 quantity of corn or grain sorghum of the same crop  
13 acquired by the producer equivalent to a quantity  
14 determined by multiplying—

15 (A) the acreage of the corn or grain sor-  
16 ghum in a high moisture state harvested on the  
17 farm of the producer; by

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

23 (b) RECOURSE LOANS AVAILABLE FOR SEED COT-  
24 TON.—For each of the 2013 through 2017 crops of upland  
25 cotton and extra long staple cotton, the Secretary shall

1 make available recourse seed cotton loans, as determined  
2 by the Secretary, on any production.

3 (c) REPAYMENT RATES.—Repayment of a recourse  
4 loan made under this section shall be at the loan rate es-  
5 tablished for the commodity by the Secretary, plus interest  
6 (determined in accordance with section 163 of the Federal  
7 Agriculture Improvement and Reform Act of 1996 (7  
8 U.S.C. 7283)).

9 **SEC. 1210. ADJUSTMENTS OF LOANS.**

10 (a) ADJUSTMENT AUTHORITY.—Subject to sub-  
11 section (e), the Secretary may make appropriate adjust-  
12 ments in the loan rates for any loan commodity (other  
13 than cotton) for differences in grade, type, quality, loca-  
14 tion, and other factors.

15 (b) MANNER OF ADJUSTMENT.—The adjustments  
16 under subsection (a) shall, to the maximum extent prac-  
17 ticable, be made in such a manner that the average loan  
18 level for the commodity will, on the basis of the anticipated  
19 incidence of the factors, be equal to the level of support  
20 determined in accordance with this subtitle and subtitles  
21 C through E.

22 (c) ADJUSTMENT ON COUNTY BASIS.—

23 (1) IN GENERAL.—The Secretary may establish  
24 loan rates for a crop for producers in individual  
25 counties in a manner that results in the lowest loan

1 rate being 95 percent of the national average loan  
2 rate, if those loan rates do not result in an increase  
3 in outlays.

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

7 (d) ADJUSTMENT IN LOAN RATE FOR COTTON.—

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

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

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

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

22 (i) the elimination of warehouse loca-  
23 tion differentials;

24 (ii) the establishment of differentials  
25 for the various quality factors and staple

1 lengths of cotton based on a 3-year,  
2 weighted moving average of the weighted  
3 designated spot market regions, as deter-  
4 mined by regional production;

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

9 (iv) a mechanism to ensure that no  
10 premium or discount is established that ex-  
11 ceeds the premium or discount associated  
12 with a leaf grade that is 1 better than the  
13 applicable color grade.

14 (C) DISCRETIONARY REVISIONS.—Revi-  
15 sions under subparagraph (A) may include—

16 (i) the use of non-spot market price  
17 data, in addition to spot market price data,  
18 that would enhance the accuracy of the  
19 price information used in determining  
20 quality adjustments under this subsection;

21 (ii) adjustments in the premiums or  
22 discounts associated with upland cotton  
23 with a staple length of 33 or above due to  
24 micronaire with the goal of eliminating any

1 unnecessary artificial splits in the calcula-  
2 tions of the premiums or discounts; and

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

7 (3) CONSULTATION WITH PRIVATE SECTOR.—

8 (A) PRIOR TO REVISION.—In making ad-  
9 justments to the loan rate for cotton (including  
10 any review of the adjustments) as provided in  
11 this subsection, the Secretary shall consult with  
12 representatives of the United States cotton in-  
13 dustry.

14 (B) INAPPLICABILITY OF FEDERAL ADVI-  
15 SORY COMMITTEE ACT.—The Federal Advisory  
16 Committee Act (5 U.S.C. App.) shall not apply  
17 to consultations under this subsection.

18 (4) REVIEW OF ADJUSTMENTS.—The Secretary  
19 may review the operation of the upland cotton qual-  
20 ity adjustments implemented pursuant to this sub-  
21 section and may make further revisions to the ad-  
22 ministration of the loan program for upland cotton,  
23 by—

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

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

4 (e) RICE.—The Secretary shall not make adjust-  
5 ments in the loan rates for long grain rice and medium  
6 grain rice, except for differences in grade and quality (in-  
7 cluding milling yields).

## 8 **Subtitle C—Sugar**

### 9 **SEC. 1301. SUGAR PROGRAM.**

10 (a) CONTINUATION OF CURRENT PROGRAM AND  
11 LOAN RATES.—

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

17 (2) SUGAR BEETS.—Section 156(b)(2) of the  
18 Federal Agriculture Improvement and Reform Act of  
19 1996 (7 U.S.C. 7272(b)(2)) is amended by striking  
20 “2012” and inserting “2017”.

21 (3) EFFECTIVE PERIOD.—Section 156(i) of the  
22 Federal Agriculture Improvement and Reform Act of  
23 1996 (7 U.S.C. 7272(i)) is amended by striking  
24 “2012” and inserting “2017”.

1 (b) FLEXIBLE MARKETING ALLOTMENTS FOR  
2 SUGAR.—

3 (1) SUGAR ESTIMATES.—Section 359b(a)(1) of  
4 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
5 1359bb(a)(1)) is amended by striking “2012” and  
6 inserting “2017”.

7 (2) EFFECTIVE PERIOD.—Section 359l(a) of  
8 the Agricultural Adjustment Act of 1938 (7 U.S.C.  
9 1359ll(a)) is amended by striking “2012” and in-  
10 sserting “2017”.

## 11 **Subtitle D—Dairy**

### 12 **PART I—DAIRY PRODUCTION MARGIN PROTEC-** 13 **TION AND DAIRY MARKET STABILIZATION** 14 **PROGRAMS**

#### 15 **SEC. 1401. DEFINITIONS.**

16 In this part:

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

21 (2) ALL-MILK PRICE.—The term “all-milk  
22 price” means the average price received, per hun-  
23 dredweight of milk, by dairy operations for all milk  
24 sold to plants and dealers in the United States, as  
25 determined by the Secretary.

1           (3) ANNUAL PRODUCTION HISTORY.—The term  
2           “annual production history” means the production  
3           history determined for a participating dairy oper-  
4           ation under section 1413(b) whenever the dairy op-  
5           eration purchases supplemental production margin  
6           protection.

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

12                   (A) The product determined by multiplying  
13                   1.0728 by the price of corn per bushel.

14                   (B) The product determined by multiplying  
15                   0.00735 by the price of soybean meal per ton.

16                   (C) The product determined by multiplying  
17                   0.0137 by the price of alfalfa hay per ton.

18          (5) BASIC PRODUCTION HISTORY.—The term  
19          “basic production history” means the production  
20          history determined for a participating dairy oper-  
21          ation under section 1413(a) for provision of basic  
22          production margin protection.

23          (6) CONSECUTIVE 2-MONTH PERIOD.—The term  
24          “consecutive 2-month period” refers to the 2-month  
25          period consisting of the months of January and Feb-

1 ruary, March and April, May and June, July and  
2 August, September and October, or November and  
3 December, respectively.

4 (7) DAIRY OPERATION.—

5 (A) IN GENERAL.—The term “dairy oper-  
6 ation” means, as determined by the Secretary,  
7 1 or more dairy producers that produce and  
8 market milk as a single dairy operation in  
9 which each dairy producer—

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

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

14 (iii) contributes land, labor, manage-  
15 ment, equipment, or capital to the dairy  
16 operation.

17 (B) ADDITIONAL OWNERSHIP STRUC-  
18 TURES.—The Secretary shall determine addi-  
19 tional ownership structures to be covered by the  
20 definition of dairy operation.

21 (8) HANDLER.—

22 (A) IN GENERAL.—The term “handler”  
23 means the initial individual or entity making  
24 payment to a dairy operation for milk produced

1           in the United States and marketed for commer-  
2           cial use.

3           (B) PRODUCER-HANDLER.—The term in-  
4           cludes a “producer-handler” when the producer  
5           satisfies the definition in subparagraph (A).

6           (9) PARTICIPATING DAIRY OPERATION.—The  
7           term “participating dairy operation” means a dairy  
8           operation that—

9           (A) signs up under section 1412 to partici-  
10          pate in the production margin protection pro-  
11          gram under subpart A; and

12          (B) as a result, also participates in the sta-  
13          bilization program under subpart B.

14          (10) PRODUCTION MARGIN PROTECTION PRO-  
15          GRAM.—The term “production margin protection  
16          program” means the dairy production margin pro-  
17          tection program required by subpart A.

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

20          (12) STABILIZATION PROGRAM.—The term  
21          “stabilization program” means the dairy market sta-  
22          bilization program required by subpart B for all par-  
23          ticipating dairy operations.

24          (13) STABILIZATION PROGRAM BASE.—The  
25          term “stabilization program base”, with respect to a

1 participating dairy operation, means the stabilization  
2 program base calculated for the dairy operation  
3 under section 1431(b).

4 (14) UNITED STATES.—The term “United  
5 States”, in a geographical sense, means the 50  
6 States, the District of Columbia, American Samoa,  
7 Guam, the Commonwealth of the Northern Mariana  
8 Islands, the Commonwealth of Puerto Rico, the Vir-  
9 gin Islands of the United States, and any other ter-  
10 ritory or possession of the United States.

11 **SEC. 1402. CALCULATION OF AVERAGE FEED COST AND AC-**  
12 **TUAL DAIRY PRODUCTION MARGINS.**

13 (a) CALCULATION OF AVERAGE FEED COST.—The  
14 Secretary shall calculate the national average feed cost for  
15 each month using the following data:

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

20 (2) The price of soybean meal for a month shall  
21 be the central Illinois price for soybean meal, as re-  
22 ported in the Market News—Monthly Soybean Meal  
23 Price Report by the Secretary.

24 (3) The price of alfalfa hay for a month shall  
25 be the price received during that month by farmers

1 in the United States for alfalfa hay, as reported in  
2 the monthly Agricultural Prices report by the Sec-  
3 retary.

4 (b) CALCULATION OF ACTUAL DAIRY PRODUCTION  
5 MARGINS.—

6 (1) PRODUCTION MARGIN PROTECTION PRO-  
7 GRAM.—For use in the production margin protection  
8 program under subpart A, the Secretary shall cal-  
9 culate the actual dairy production margin for each  
10 consecutive 2-month period by subtracting—

11 (A) the average feed cost for that consecu-  
12 tive 2-month period, determined in accordance  
13 with subsection (a); from

14 (B) the all-milk price for that consecutive  
15 2-month period.

16 (2) STABILIZATION PROGRAM.—For use in the  
17 stabilization program under subpart B, the Sec-  
18 retary shall calculate each month the actual dairy  
19 production margin for the preceding month by sub-  
20 tracting—

21 (A) the average feed cost for that pre-  
22 ceding month, determined in accordance with  
23 subsection (a); from

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



1           (1) basic production margin protection pay-  
2           ments under section 1414; and

3           (2) if the dairy operation purchases supple-  
4           mental production margin protection under section  
5           1415, supplemental production margin protection  
6           payments under such section.

7           (b) REGISTRATION PROCESS.—

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

12          (2) TREATMENT OF MULTIPRODUCER DAIRY  
13          OPERATIONS.—If a dairy operation is operated by  
14          more than 1 dairy producer, all of the dairy pro-  
15          ducers of the dairy operation shall be treated as a  
16          single dairy operation for purposes of—

17                (A) registration to receive basic production  
18                margin protection and purchase supplemental  
19                production margin protection;

20                (B) payment of the participation fee under  
21                subsection (d) and producer premiums under  
22                section 1415; and

23                (C) participation in the stabilization pro-  
24                gram under subtitle B.

1           (3) TREATMENT OF PRODUCERS WITH MUL-  
2           TIPLE DAIRY OPERATIONS.—If a dairy producer op-  
3           erates 2 or more dairy operations, each dairy oper-  
4           ation of the producer shall require a separate reg-  
5           istration to receive basic production margin protec-  
6           tion and purchase supplemental production margin  
7           protection and only those dairy operations so reg-  
8           istered shall be covered by the stabilization program.

9           (c) TIME FOR SIGN UP.—

10           (1) EXISTING DAIRY OPERATIONS.—During the  
11           15-month period beginning on the date of the initi-  
12           ation of the sign-up period for the production mar-  
13           gin protection program, a dairy operation that is ac-  
14           tively engaged as of such date may sign up with the  
15           Secretary—

16                   (A) to receive basic production margin pro-  
17                   tection; and

18                   (B) if the dairy operation elects, to pur-  
19                   chase supplemental production margin protec-  
20                   tion.

21           (2) NEW ENTRANTS.—A dairy producer that  
22           has no existing interest in a dairy operation as of  
23           the date of the initiation of the sign-up period for  
24           the production margin protection program, but that,  
25           after such date, establishes a new dairy operation,

1       may sign up with the Secretary during the 1-year  
2       period beginning on the date on which the dairy op-  
3       eration first markets milk commercially—

4               (A) to receive basic production margin pro-  
5       tection; and

6               (B) if the dairy operation elects, to pur-  
7       chase supplemental production margin protec-  
8       tion.

9       (d) TRANSITION FROM MILC TO PRODUCTION MAR-  
10      GIN PROTECTION.—

11           (1) DEFINITION OF TRANSITION PERIOD.—In  
12       this subsection, the term “transition period” means  
13       the period during which the milk income loss pro-  
14       gram established under section 1506 of the Food,  
15       Conservation, and Energy Act of 2008 (7 U.S.C.  
16       8773) and the production margin protection pro-  
17       gram under this subtitle are both in existence.

18           (2) NOTICE OF AVAILABILITY.—Not later than  
19       30 days after the date of enactment of this Act, the  
20       Secretary shall publish a notice in the Federal Reg-  
21       ister to inform dairy operations of the availability of  
22       basic production margin protection and supple-  
23       mental production margin protection, including the  
24       terms of the protection and information about the

1 option of dairy operations during the transition pe-  
2 riod to make an election described in paragraph (3).

3 (3) ELECTION.—Except as provided in para-  
4 graph (4), a dairy operation may elect to participate  
5 in either the milk income loss program established  
6 under section 1506 of the Food, Conservation, and  
7 Energy Act of 2008 (7 U.S.C. 8773) or the produc-  
8 tion margin protection program under this subtitle  
9 for the duration of the transition period.

10 (4) TRANSFER TO PRODUCTION MARGIN PRO-  
11 TECTION.—A dairy operation that elects to partici-  
12 pate in the milk income loss program established  
13 under section 1506 of the Food, Conservation, and  
14 Energy Act of 2008 (7 U.S.C. 8773) during the  
15 transition period may, at any time, make a perma-  
16 nent transfer to the production margin protection  
17 program.

18 (e) ADMINISTRATION FEE.—

19 (1) ADMINISTRATION FEE REQUIRED.—Except  
20 as provided in paragraph (5), a dairy operation  
21 shall—

22 (A) pay an administration fee under this  
23 subsection to sign up to participate in the pro-  
24 duction margin protection program; and

1 (B) pay the administration fee annually  
 2 thereafter to continue to participate in the pro-  
 3 duction margin protection program.

4 (2) FEE AMOUNT.—The administration fee for  
 5 a participating dairy operation for a calendar year  
 6 shall be based on the pounds of milk (in millions)  
 7 marketed by the dairy operation in the previous cal-  
 8 endar year, as follows:

Pounds Marketed (in millions)	Administration Fee
less than 1	\$100
1 to 5	\$250
more than 5 to 10	\$350
more than 10 to 40	\$1,000
more than 40	\$2,500

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

17 (4) USE OF FEES.—The Secretary shall use ad-  
 18 ministration fees collected under this subsection—

19 (A) to cover administrative costs of the  
 20 production margin protection program and sta-  
 21 bilization program; and

1 (B) to cover costs of the Department of  
2 Agriculture relating to reporting of dairy mar-  
3 ket news, carrying out the amendments made  
4 by section 1476, and carrying out section 273  
5 of the Agricultural Marketing Act of 1946 (7  
6 U.S.C. 1637b)), to the extent funds remain  
7 available after operation of subparagraph (A).

8 (5) WAIVER.—The Secretary shall waive or re-  
9 duce the administration fee required under para-  
10 graph (1) in the case of a limited-resource dairy op-  
11 eration, as defined by the Secretary.

12 (f) DUTIES OF THE SECRETARY.—The Secretary  
13 shall ensure that producers are precluded from taking any  
14 action, including reconstitution, transfer, or other similar  
15 action, that would have the effect of altering or reversing  
16 any election made under this subtitle.

17 (g) DENIAL OF PROGRAM BENEFITS.—A person or  
18 legal entity shall be ineligible to receive payments under  
19 this subtitle for a calendar year, and the succeeding crop  
20 year, if the Secretary determines that the person or legal  
21 entity—

22 (1) failed to comply with this subtitle and  
23 adopted or participated in adopting a scheme or de-  
24 vice to evade the application of basic production

1 margin protection, supplemental production margin  
2 protection, or the market stabilization program; or

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

7 (h) EXTENDED INELIGIBILITY.—If the Secretary de-  
8 termines that a person or legal entity, for the benefit of  
9 the person or legal entity or the benefit of any other per-  
10 son or legal entity, has knowingly engaged in, or aided  
11 in the creation of a fraudulent document, failed to disclose  
12 material information relevant to the administration of this  
13 subtitle, or committed other equally serious actions in vio-  
14 lation of the purposes of this subtitle (including regula-  
15 tions issued by the Secretary), the Secretary may for a  
16 period not to exceed 5 calendar years deny the issuance  
17 of payments under this subtitle to the person or legal enti-  
18 ty.

19 (i) PRO RATA DENIAL.—

20 (1) IN GENERAL.—Payments otherwise owed to  
21 a person or legal entity described in subsection (g)  
22 or (h) shall be denied in a pro rata manner based  
23 on the ownership interest of the person or legal enti-  
24 ty in a farm.

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

7           (j) JOINT AND SEVERAL LIABILITY.—Any legal enti-  
8           ty (including s partnership and joint venture) and any  
9           member of any legal entity determined to have knowingly  
10          participated in a scheme or device to evade, or that has  
11          the purpose of evading, this section shall be jointly and  
12          severally liable for any amounts that are payable to the  
13          Secretary as the result of the scheme or device (including  
14          amounts necessary to recover those amounts).

15          (k) RELEASE.—The Secretary may partially or fully  
16          release from liability any person or legal entity that co-  
17          operates with the Secretary in enforcing this section or  
18          in instances in which the Secretary determines that any  
19          reconstitution is bona fide and substantive.

20          (l) LIMITATION.—A dairy operation may only partici-  
21          pate in the production margin protection program or the  
22          livestock gross margin for dairy program under the Fed-  
23          eral Crop Insurance Act (7 U.S.C. 1501 et seq.), but not  
24          both.

1 **SEC. 1413. PRODUCTION HISTORY OF PARTICIPATING**  
2 **DAIRY OPERATIONS.**

3 (a) PRODUCTION HISTORY FOR BASIC PRODUCTION  
4 MARGIN PROTECTION.—

5 (1) DETERMINATION REQUIRED.—For purposes  
6 of providing basic production margin protection, the  
7 Secretary shall determine the basic production his-  
8 tory of the dairy operation in the production margin  
9 protection program.

10 (2) CALCULATION.—Except as provided in  
11 paragraph (3), the basic production history of a par-  
12 ticipating dairy operation for basic production mar-  
13 gin protection is equal to the highest annual milk  
14 marketings of the dairy operation during any 1 of  
15 the 3 calendar years immediately preceding the cal-  
16 endar year in which the dairy operation first signed  
17 up to participate in the production margin protec-  
18 tion program.

19 (3) ELECTION BY NEW DAIRY OPERATIONS.—In  
20 the case of a participating dairy operation that has  
21 been in operation for less than a year, the dairy op-  
22 eration shall elect 1 of the following methods for the  
23 Secretary to determine the basic production history  
24 of the dairy operation:

25 (A) The volume of the actual milk mar-  
26 ketings for the months the dairy operation has

1           been in operation extrapolated to a yearly  
2           amount.

3           (B) An estimate of the actual milk mar-  
4           ketings of the dairy operation based on the herd  
5           size of the dairy operation relative to the na-  
6           tional rolling herd average data published by  
7           the Secretary.

8           (4) NO CHANGE IN PRODUCTION HISTORY FOR  
9           BASIC PRODUCTION MARGIN PROTECTION.—Once  
10          the basic production history of a participating dairy  
11          operation is determined under paragraph (2) or (3),  
12          the basic production history shall not be subse-  
13          quently changed for purposes of determining the  
14          amount of any basic production margin protection  
15          payments for the dairy operation made under section  
16          1414.

17          (b) ANNUAL PRODUCTION HISTORY FOR SUPPLE-  
18          MENTAL PRODUCTION MARGIN PROTECTION.—

19               (1) DETERMINATION REQUIRED.—For purposes  
20               of providing supplemental production margin protec-  
21               tion for a participating dairy operation that pur-  
22               chases supplemental production margin protection  
23               for a year under section 1415, the Secretary shall  
24               determine the annual production history of the dairy

1 operation of the dairy operation under paragraph  
2 (2).

3 (2) CALCULATION.—The annual production his-  
4 tory of a participating dairy operation for a year is  
5 equal to the actual milk marketings of the dairy op-  
6 eration during the preceding calendar year.

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

12 (c) REQUIRED INFORMATION.—A participating dairy  
13 operation shall provide all information that the Secretary  
14 may require in order to establish—

15 (1) the basic production history of the dairy op-  
16 eration of the dairy operation under subsection (a);  
17 and

18 (2) the production history of the dairy oper-  
19 ation of the dairy operation whenever the dairy oper-  
20 ation purchases supplemental production margin  
21 protection under section 1415.

22 (d) TRANSFER OF PRODUCTION HISTORIES.—

23 (1) TRANSFER BY SALE OR LEASE.—In promul-  
24 gating the rules to initiate the production margin  
25 protection program, the Secretary shall specify the

1 conditions under which and the manner by which the  
2 production history of a dairy operation may be  
3 transferred by sale or lease.

4 (2) COVERAGE LEVEL.—

5 (A) BASIC PRODUCTION MARGIN PROTEC-  
6 TION.—A purchaser or lessee to whom the Sec-  
7 retary transfers a basic production history  
8 under this subsection shall not obtain a dif-  
9 ferent level of basic production margin protec-  
10 tion than the basic production margin protec-  
11 tion coverage held by the seller or lessor from  
12 whom the transfer was obtained.

13 (B) SUPPLEMENTAL PRODUCTION MARGIN  
14 PROTECTION.—A purchaser or lessee to whom  
15 the Secretary transfers an annual production  
16 history under this subsection shall not obtain a  
17 different level of supplemental production mar-  
18 gin protection coverage than the supplemental  
19 production margin protection coverage in effect  
20 for the seller or lessor from whom the transfer  
21 was obtained for the calendar year in which the  
22 transfer was made.

23 (e) MOVEMENT AND TRANSFER OF PRODUCTION  
24 HISTORY.—

1           (1) MOVEMENT AND TRANSFER AUTHOR-  
2           IZED.—Subject to paragraph (2), if a dairy oper-  
3           ation moves from 1 location to another location, the  
4           dairy operation may transfer the basic production  
5           history and annual production history associated  
6           with the dairy operation.

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

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

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

17          (a) PAYMENT THRESHOLD.—The Secretary shall  
18          make a payment to participating dairy operations in ac-  
19          cordance with subsection (b) whenever the average actual  
20          dairy production margin for a consecutive 2-month period  
21          is less than \$4.00 per hundredweight of milk.

22          (b) BASIC PRODUCTION MARGIN PROTECTION PAY-  
23          MENT.—The basic production margin protection payment  
24          for the dairy operation of a participating dairy operation

1 for a consecutive 2-month period shall be equal to the  
2 product obtained by multiplying—

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

7 (2) the lesser of—

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

10 (B) the actual quantity of milk marketed  
11 by the dairy operation during the consecutive 2-  
12 month period.

13 **SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN PROTEC-**  
14 **TION.**

15 (a) **ELECTION OF SUPPLEMENTAL PRODUCTION**  
16 **MARGIN PROTECTION.**—A participating dairy operation  
17 may annually purchase supplemental production margin  
18 protection to protect, during the calendar year for which  
19 purchased, a higher level of the income of a participating  
20 dairy operation than the income level guaranteed by basic  
21 production margin protection under section 1414.

22 (b) **SELECTION OF PAYMENT THRESHOLD.**—A par-  
23 ticipating dairy operation purchasing supplemental pro-  
24 duction margin protection for a year shall elect a coverage  
25 level that is higher, in any increment of \$0.50, than the

1 payment threshold for basic production margin protection  
2 specified in section 1414(a), but not to exceed \$8.00.

3 (c) COVERAGE PERCENTAGE.—A participating dairy  
4 operation purchasing supplemental production margin  
5 protection for a year shall elect a percentage of coverage  
6 equal to not more than 90 percent, nor less than 25 per-  
7 cent, of the annual production history of the dairy oper-  
8 ation.

9 (d) PREMIUMS FOR SUPPLEMENTAL PRODUCTION  
10 MARGIN PROTECTION.—

11 (1) PREMIUMS REQUIRED.—A participating  
12 dairy operation that purchases supplemental produc-  
13 tion margin protection shall pay an annual premium  
14 equal to the product obtained by multiplying—

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

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

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

22 (2) PREMIUM PER HUNDREDWEIGHT FOR FIRST  
23 4 MILLION POUNDS OF PRODUCTION.—For the first  
24 4,000,000 pounds of milk marketings included in  
25 the annual production history of a participating

1 dairy operation, the premium per hundredweight  
 2 corresponding to each coverage level specified in the  
 3 following table is as follows:

Coverage Level	Premium per Cwt.
\$4.50	\$0.01
\$5.00	\$0.02
\$5.50	\$0.035
\$6.00	\$0.045
\$6.50	\$0.09
\$7.00	\$0.40
\$7.50	\$0.60
\$8.00	\$0.95

4 (3) PREMIUM PER HUNDREDWEIGHT FOR PRO-  
 5 DUCION IN EXCESS OF 4 MILLION POUNDS.—For  
 6 milk marketings in excess of 4,000,000 pounds in-  
 7 cluded in the annual production history of a partici-  
 8 pating dairy operation, the premium per hundred-  
 9 weight corresponding to each coverage level is as fol-  
 10 lows:

Coverage Level	Premium per Cwt.
\$4.50	\$0.02
\$5.00	\$0.04
\$5.50	\$0.10
\$6.00	\$0.15
\$6.50	\$0.29
\$7.00	\$0.62
\$7.50	\$0.83
\$8.00	\$1.06

11 (4) TIME FOR PAYMENT.—In promulgating the  
 12 rules to initiate the production margin protection  
 13 program, the Secretary shall provide more than 1  
 14 method by which a participating dairy operation that

1 purchases supplemental production margin protec-  
2 tion for a calendar year may pay the premium under  
3 this subsection for that year in any manner that  
4 maximizes dairy operation payment flexibility and  
5 program integrity.

6 (e) PREMIUM OBLIGATIONS.—

7 (1) PRO-RATION OF PREMIUM FOR NEW DAIRY  
8 OPERATIONS.—A dairy operation described in sec-  
9 tion 1412(c)(2) that purchases supplemental produc-  
10 tion margin protection for a calendar year after the  
11 start of the calendar year shall pay a pro-rated pre-  
12 mium for that calendar year based on the portion of  
13 the calendar year for which the dairy operation pur-  
14 chases the coverage.

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

1 (f) SUPPLEMENTAL PAYMENT THRESHOLD.—A par-  
2 ticipating dairy operation with supplemental production  
3 margin protection shall receive a supplemental production  
4 margin protection payment whenever the average actual  
5 dairy production margin for a consecutive 2-month period  
6 is less than the coverage level threshold selected by the  
7 dairy operation under subsection (b).

8 (g) SUPPLEMENTAL PRODUCTION MARGIN PROTEC-  
9 TION PAYMENTS.—

10 (1) IN GENERAL.—The supplemental produc-  
11 tion margin protection payment for a participating  
12 dairy operation is in addition to the basic production  
13 margin protection payment.

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

17 (A) The Secretary shall calculate the dif-  
18 ference between the coverage level threshold se-  
19 lected by the dairy operation under subsection  
20 (b) and the greater of—

21 (i) the average actual dairy production  
22 margin for the consecutive 2-month period;

23 or

24 (ii) \$4.00.

1 (B) The amount determined under sub-  
2 paragraph (A) shall be multiplied by the per-  
3 centage selected by the participating dairy oper-  
4 ation under subsection (c) and by the lesser of  
5 the following:

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

8 (ii) The actual amount of milk mar-  
9 keted by the dairy operation during the  
10 consecutive 2-month period.

11 **SEC. 1416. EFFECT OF FAILURE TO PAY ADMINISTRATION**  
12 **FEES OR PREMIUMS.**

13 (a) LOSS OF BENEFITS.—A participating dairy oper-  
14 ation that fails to pay the required administration fee  
15 under section 1412 or is in arrears on premium payments  
16 for supplemental production margin protection under sec-  
17 tion 1415—

18 (1) remains legally obligated to pay the admin-  
19 istration fee or premiums, as the case may be; and

20 (2) may not receive basic production margin  
21 protection payments or supplemental production  
22 margin protection payments until the fees or pre-  
23 miums are fully paid.

24 (b) ENFORCEMENT.—The Secretary may take such  
25 action as necessary to collect administration fees and pre-

1 mium payments for supplemental production margin pro-  
2 tection.

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

4 **SEC. 1431. ESTABLISHMENT OF DAIRY MARKET STABILIZA-**  
5 **TION PROGRAM.**

6 (a) PROGRAM REQUIRED; PURPOSE.—Effective not  
7 later than 120 days after the effective date of this subtitle,  
8 the Secretary shall establish and administer a dairy mar-  
9 ket stabilization program applicable to participating dairy  
10 operations for the purpose of assisting in balancing the  
11 supply of milk with demand when dairy operations are ex-  
12 perencing low or negative operating margins.

13 (b) ELECTION OF STABILIZATION PROGRAM BASE  
14 CALCULATION METHOD.—

15 (1) ELECTION.—When a dairy operation signs  
16 up under section 1412 to participate in the produc-  
17 tion margin protection program, the dairy operation  
18 shall inform the Secretary of the method by which  
19 the stabilization program base for the dairy oper-  
20 ation will be calculated under paragraph (3).

21 (2) CHANGE IN CALCULATION METHOD.—A  
22 participating dairy operation may change the sta-  
23 bilization program base calculation method to be  
24 used for a calendar year by notifying the Secretary

1 of the change not later than a date determined by  
2 the Secretary.

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

7 (A) The volume of the average monthly  
8 milk marketings of the dairy operation for the  
9 3 months immediately preceding the announce-  
10 ment by the Secretary that the stabilization  
11 program will become effective.

12 (B) The volume of the monthly milk mar-  
13 ketings of the dairy operation for the same  
14 month in the preceding year as the month for  
15 which the Secretary has announced the sta-  
16 bilization program will become effective.

17 **SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND RE-**  
18 **DUCTION IN DAIRY PAYMENTS.**

19 (a) WHEN STABILIZATION PROGRAM REQUIRED.—  
20 Except as provided in subsection (b), the Secretary shall  
21 announce that the stabilization program is in effect and  
22 order reduced payments for any participating dairy oper-  
23 ation that exceeds the applicable percentage of the dairy  
24 operation's stabilization program base whenever—

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

4           (2) the actual dairy production margin has been  
5           \$4.00 or less per hundredweight of milk for the im-  
6           mediately preceding month.

7           (b) EXCEPTION.—If any of the conditions described  
8           in section 1436(b) have been met during the 2-month pe-  
9           riod immediately preceding the month in which the an-  
10          nouncement under subsection (a) would otherwise be made  
11          by the Secretary in the absence of this exception, the Sec-  
12          retary shall—

13           (1) suspend the stabilization program;

14           (2) refrain from making the announcement  
15          under subsection (a) to implement order the sta-  
16          bilization payment; or

17           (3) order reduced payments.

18          (c) EFFECTIVE DATE FOR IMPLEMENTATION OF  
19          PAYMENT REDUCTIONS.—Reductions in dairy payments  
20          shall commence beginning on the first day of the month  
21          immediately following the date of the announcement by  
22          the Secretary under subsection (a).

23          **SEC. 1433. MILK MARKETINGS INFORMATION.**

24           (a) COLLECTION OF MILK MARKETING DATA.—The  
25          Secretary shall establish, by regulation, a process to collect

1 from participating dairy operations and handlers such in-  
2 formation that the Secretary considers necessary for each  
3 month during which the stabilization program is in effect.

4 (b) REDUCE REGULATORY BURDEN.—When imple-  
5 menting the process under subsection (a), the Secretary  
6 shall minimize the regulatory burden on dairy operations  
7 and handlers.

8 **SEC. 1434. CALCULATION AND COLLECTION OF REDUCED**  
9 **DAIRY OPERATION PAYMENTS.**

10 (a) REDUCED DAIRY OPERATION PAYMENTS RE-  
11 QUIRED.—During any month in which payment reductions  
12 are in effect under the stabilization program, each handler  
13 shall reduce payments to each participating dairy oper-  
14 ation from whom the handler receives milk.

15 (b) REDUCTIONS BASED ON ACTUAL DAIRY PRO-  
16 Duction MARGIN.—

17 (1) REDUCTION REQUIREMENT 1.—If the Sec-  
18 retary determines that the average actual dairy pro-  
19 duction margin has been less than \$6.00 but greater  
20 than \$5.00 per hundredweight of milk for 2 consecu-  
21 tive months, the handler shall make payments to a  
22 participating dairy operation for a month based on  
23 the greater of the following:

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

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

3 (2) REDUCTION REQUIREMENT 2.—If the Sec-  
4 retary determines that the average actual dairy pro-  
5 duction margin has been less than \$5.00 but greater  
6 than \$4.00 for 2 consecutive months, the handler  
7 shall make payments to a participating dairy oper-  
8 ation for a month based on the greater of the fol-  
9 lowing:

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

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

14 (3) REDUCTION REQUIREMENT 3.—If the Sec-  
15 retary determines that the average actual dairy pro-  
16 duction margin has been \$4.00 or less for any 1  
17 month, the handler shall make payments to a par-  
18 ticipating dairy operation for a month based on the  
19 greater of the following:

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

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

24 (c) CONTINUATION OF REDUCTIONS.—The largest  
25 level of payment reduction required under paragraph (1),

1 (2), or (3) of subsection (b) shall be continued for each  
2 month until the Secretary suspends the stabilization pro-  
3 gram and terminates payment reductions in accordance  
4 with section 1436.

5 (d) PAYMENT REDUCTION EXCEPTION.—Notwith-  
6 standing any preceding subsection of this section, a han-  
7 dler shall make no payment reductions for a dairy oper-  
8 ation for a month if the dairy operation's milk marketings  
9 for the month are equal to or less than the percentage  
10 of the stabilization program base applicable to the dairy  
11 operation under paragraph (1), (2), or (3) of subsection  
12 (b).

13 **SEC. 1435. REMITTING FUNDS TO THE SECRETARY AND USE**  
14 **OF FUNDS.**

15 (a) REMITTING FUNDS.—As soon as practicable after  
16 the end of each month during which payment reductions  
17 are in effect under the stabilization program, each handler  
18 shall remit to the Secretary an amount equal to the  
19 amount by which payments to participating dairy oper-  
20 ations are reduced by the handler under section 1434.

21 (b) DEPOSIT OF FUNDS.—All funds received under  
22 subsection (a) shall be available to the Secretary, without  
23 further appropriation and until expended, for use or trans-  
24 fer as provided in subsection (c).

25 (c) USE OF FUNDS.—

1           (1) AVAILABILITY FOR CERTAIN COMMODITY  
2 DONATIONS.—Not later than 90 days after the date  
3 of the receipt of funds under subsection (a), the Sec-  
4 retary shall obligate the funds for the purpose of—

5           (A) purchasing dairy products for donation  
6 to food banks and other programs that the Sec-  
7 retary determines appropriate; and

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

10          (2) NO DUPLICATION OF EFFORT.—The Sec-  
11 retary shall ensure that expenditures under para-  
12 graph (1) are compatible with, and do not duplicate,  
13 programs supported by the dairy research and pro-  
14 motion activities conducted under the Dairy Produc-  
15 tion Stabilization Act of 1983 (7 U.S.C. 4501 et  
16 seq.).

17          (3) ACCOUNTING.—The Secretary shall keep an  
18 accurate account of all funds expended under para-  
19 graph (1).

20          (d) ANNUAL REPORT.—Not later than December 31  
21 of each year that the stabilization program is in effect,  
22 the Secretary shall submit to the Committee on Agri-  
23 culture of the House of Representatives and the Com-  
24 mittee on Agriculture, Nutrition, and Forestry of the Sen-  
25 ate a report that provides an accurate accounting of—

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

3           (2) all expenditures made by the Secretary  
4 under subsection (b) during the preceding fiscal  
5 year; and

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

8           (e) ENFORCEMENT.—If a participating dairy oper-  
9 ation or handler fails to remit or collect the amounts by  
10 which payments to participating dairy operations are re-  
11 duced under section 1434, the dairy operation or handler  
12 responsible for the failure shall be liable to the Secretary  
13 for the amount that should have been remitted or col-  
14 lected, plus interest. In addition to the enforcement au-  
15 thorities available under section 1437, the Secretary may  
16 enforce this subsection in the courts of the United States.

17 **SEC. 1436. SUSPENSION OF REDUCED PAYMENT REQUIRE-**  
18 **MENT.**

19           (a) DETERMINATION OF PRICES.—For purposes of  
20 this section:

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

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

1           (b) SUSPENSION THRESHOLDS.—The stabilization  
2 program shall be suspended or the Secretary shall refrain  
3 from making the announcement under section 1432(a) if  
4 the Secretary determines that—

5           (1) the actual dairy production margin is great-  
6 er than \$6.00 per hundredweight of milk for 2 con-  
7 secutive months;

8           (2) the actual dairy production margin is equal  
9 to or less than \$6.00 (but greater than \$5.00) for  
10 2 consecutive months, and during the same 2 con-  
11 secutive months—

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

15           (B) the price in the United States for non-  
16 fat dry milk is equal to or greater than the  
17 world price of skim milk powder;

18           (3) the actual dairy production margin is equal  
19 to or less than \$5.00 (but greater than \$4.00) for  
20 2 consecutive months, and during the same 2 con-  
21 secutive months—

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

1 (B) the price in the United States for non-  
2 fat dry milk is more than 5 percent above the  
3 world price of skim milk powder; or

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

7 (A) the price in the United States for  
8 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 non-  
11 fat dry milk is more than 7 percent above the  
12 world price of skim milk powder.

13 (c) IMPLEMENTATION BY HANDLERS.—Effective on  
14 the day after the date of the announcement by the Sec-  
15 retary under subsection (b) of the suspension of the sta-  
16 bilization program, the handler shall cease reducing pay-  
17 ments to participating dairy operations under the sta-  
18 bilization program.

19 (d) CONDITION ON RESUMPTION OF STABILIZATION  
20 PROGRAM.—Upon the announcement by the Secretary  
21 under subsection (b) that the stabilization program has  
22 been suspended, the stabilization program may not be im-  
23 plemented again until, at the earliest—

1           (1) 2 months have passed, beginning on the  
2           first day of the month immediately following the an-  
3           nouncement by the Secretary; and

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

6 **SEC. 1437. ENFORCEMENT.**

7           (a) **UNLAWFUL ACT.**—It shall be unlawful and a vio-  
8           lation of the this subpart for any person subject to the  
9           stabilization program to willfully fail or refuse to provide,  
10          or delay the timely reporting of, accurate information and  
11          remittance of funds to the Secretary in accordance with  
12          this subpart.

13          (b) **ORDER.**—After providing notice and opportunity  
14          for a hearing to an affected person, the Secretary may  
15          issue an order against any person to cease and desist from  
16          continuing any violation of this subpart.

17          (c) **APPEAL.**—An order of the Secretary under sub-  
18          section (b) shall be final and conclusive unless an affected  
19          person files an appeal of the order of the Secretary in  
20          United States district court not later than 30 days after  
21          the date of the issuance of the order. A finding of the  
22          Secretary in the order shall be set aside only if the finding  
23          is not supported by substantial evidence.

24          (d) **NONCOMPLIANCE WITH ORDER.**—If a person  
25          subject to this subpart fails to obey an order issued under

1 subsection (b) after the order has become final and  
2 unappealable, or after the appropriate United States dis-  
3 trict court has entered a final judgment in favor of the  
4 Secretary, the United States may apply to the appropriate  
5 United States district court for enforcement of the order.  
6 If the court determines that the order was lawfully made  
7 and duly served and that the person violated the order,  
8 the court shall enforce the order.

9 **SEC. 1438. AUDIT REQUIREMENTS.**

10 (a) AUDITS OF DAIRY OPERATION AND HANDLER  
11 COMPLIANCE.—

12 (1) AUDITS AUTHORIZED.—If determined by  
13 the Secretary to be necessary to ensure compliance  
14 by participating dairy operations and handlers with  
15 the stabilization program, the Secretary may con-  
16 duct periodic audits of participating dairy operations  
17 and handlers.

18 (2) SAMPLE OF DAIRY OPERATIONS.—Any  
19 audit conducted under this subsection shall include,  
20 at a minimum, investigation of a statistically valid  
21 and random sample of participating dairy oper-  
22 ations.

23 (b) SUBMISSION OF RESULTS.—The Secretary shall  
24 submit the results of any audit conducted under sub-  
25 section (a) to the Committee on Agriculture of the House

1 of Representatives and the Committee on Agriculture, Nu-  
2 trition, and Forestry of the Senate and include such rec-  
3 ommendations as the Secretary considers appropriate re-  
4 garding the stabilization program.

5 **SEC. 1439. STUDY; REPORT.**

6 (a) IN GENERAL.—The Secretary shall direct the Of-  
7 fice of the Chief Economist to conduct a study of the im-  
8 pacts of the program established under section 1431(a).

9 (b) CONSIDERATIONS.—The study conducted under  
10 subsection (a) shall consider—

11 (1) the economic impact of the program  
12 throughout the dairy product value chain, including  
13 the impact on producers, processors, domestic cus-  
14 tomers, export customers, actual market growth and  
15 potential market growth, farms of different sizes,  
16 and different regions and States; and

17 (2) the impact of the program on the competi-  
18 tiveness of the United States dairy industry in inter-  
19 national markets.

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

1                                   **Subpart C—Duration**

2   **SEC. 1451. DURATION.**

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

5                                   **PART II—DAIRY MARKET TRANSPARENCY**

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

7           (a) DEFINITIONS.—Section 272(1)(A) of the Agricul-  
8 tural Marketing Act of 1946 (7 U.S.C. 1637a(1)(A)) is  
9 amended by inserting “, or any other products that may  
10 significantly aid price discovery in the dairy markets, as  
11 determined by the Secretary” after “of 1937”.

12           (b) MANDATORY REPORTING FOR DAIRY PROD-  
13 UCTS.—Section 273(b) of the Agricultural Marketing Act  
14 of 1946 (7 U.S.C. 1637b(b)) is amended—

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

17                           “(1) IN GENERAL.—In establishing the pro-  
18 gram, the Secretary shall only—

19                                   “(A)(i) subject to the conditions described  
20 in paragraph (2), require each manufacturer to  
21 report to the Secretary, no less frequently than  
22 once per month, information concerning the  
23 price, quantity, and moisture content of dairy  
24 products sold by the manufacturer and any  
25 other product characteristics that may signifi-

1           cantly aid price discovery in the dairy markets,  
2           as determined by the Secretary; and

3           “(ii) modify the format used to provide the  
4           information on the day before the date of enact-  
5           ment of this subtitle to ensure that the infor-  
6           mation can be readily understood by market  
7           participants; and

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

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

19 **SEC. 1462. FEDERAL MILK MARKETING ORDER INFORMA-**  
20 **TION.**

21 (a) INFORMATION CLEARINGHOUSE.—

22          (1) IN GENERAL.—The Secretary shall, on be-  
23          half of each milk marketing order issued under the  
24          Agricultural Adjustment Act (7 U.S.C. 601 et seq.),  
25          reenacted with amendments by the Agricultural

1 Marketing Agreement Act of 1937, establish an in-  
2 formation clearinghouse for the purposes of edu-  
3 cating the public about the Federal milk marketing  
4 order system and any marketing order referenda, in-  
5 cluding proposal information and timelines that shall  
6 be kept current and updated as information becomes  
7 available.

8 (2) REQUIREMENTS.—Information under para-  
9 graph (1) shall include—

10 (A) information on procedures by which  
11 cooperatives vote;

12 (B) if applicable, information on the man-  
13 ner by which producers may cast an individual  
14 ballot;

15 (C) in applicable, instructions on the man-  
16 ner in which to vote online;

17 (D) due dates for each specific referendum;

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

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

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

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

1 (b) NOTIFICATION LIST FOR UPCOMING REF-  
2 ERENDUM.—Each Federal milk marketing order shall—

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

5 (2) publicize the information in major agri-  
6 culture and dairy-specific publications on upcoming  
7 referenda.

8 **PART III—REPEAL OR REAUTHORIZATION OF**  
9 **OTHER DAIRY-RELATED PROVISIONS**

10 **SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE SUPPORT**  
11 **AND MILK INCOME LOSS CONTRACT PRO-**  
12 **GRAMS.**

13 (a) REPEAL OF DAIRY PRODUCT PRICE SUPPORT  
14 PROGRAM.—Section 1501 of the Food, Conservation, and  
15 Energy Act of 2008 (7 U.S.C. 8771) is repealed.

16 (b) REPEAL OF MILK INCOME LOSS CONTRACT PRO-  
17 GRAM.—

18 (1) PAYMENTS UNDER MILK INCOME LOSS CON-  
19 TRACT PROGRAM.—Section 1506(c)(3) of the Food,  
20 Conservation, and Energy Act of 2008 (7 U.S.C.  
21 8773(c)(3)) is amended—

22 (A) in subparagraph (A), by inserting  
23 “and” after the semicolon;

1 (B) in subparagraph (B), by striking “Au-  
2 gust 31, 2012, 45 percent; and” and inserting  
3 “June 30, 2013, 45 percent.”; and

4 (C) by striking subparagraph (C).

5 (2) EXTENSION.—Section 1506(h)(1) of the  
6 Food, Conservation, and Energy Act of 2008 (7  
7 U.S.C. 8773(h)(1)) is amended by striking “Sep-  
8 tember 30, 2012” and inserting “June 30, 2013”.

9 (3) REPEAL.—Effective July 1, 2013, section  
10 1506 of the Food, Conservation, and Energy Act of  
11 2008 (7 U.S.C. 8773) is repealed.

12 **SEC. 1472. REPEAL OF DAIRY EXPORT INCENTIVE PRO-**  
13 **GRAM.**

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

16 (b) CONFORMING AMENDMENTS.—Section 902(2) of  
17 the Trade Sanctions Reform and Export Enhancement  
18 Act of 2000 (22 U.S.C. 7201(2)) is amended—

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

20 (2) by redesignating subparagraphs (E) and  
21 (F) as subparagraphs (D) and (E), respectively.

22 **SEC. 1473. EXTENSION OF DAIRY FORWARD PRICING PRO-**  
23 **GRAM.**

24 Section 1502(e) of the Food, Conservation, and En-  
25 ergy Act of 2008 (7 U.S.C. 8772(e)) is amended—

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

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

5 **SEC. 1474. EXTENSION OF DAIRY INDEMNITY PROGRAM.**

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

8 **SEC. 1475. EXTENSION OF DAIRY PROMOTION AND RE-**  
9 **SEARCH PROGRAM.**

10 Section 113(e)(2) of the Dairy Production Stabiliza-  
11 tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by  
12 striking “2012” and inserting “2017”.

13 **SEC. 1476. EXTENSION OF FEDERAL MILK MARKETING**  
14 **ORDER REVIEW COMMISSION.**

15 Section 1509(a) of the Food, Conservation, and En-  
16 ergy Act of 2008 (Public Law 110–246; 122 Stat. 1726)  
17 is amended by inserting “or other funds” after “Subject  
18 to the availability of appropriations”.

19 **PART IV—EFFECTIVE DATE**

20 **SEC. 1481. EFFECTIVE DATE.**

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

1 **Subtitle E—Supplemental Agricultural**  
2 **Disaster Assistance Pro-**  
3 **grams**

4 **SEC. 1501. SUPPLEMENTAL AGRICULTURAL DISASTER AS-**  
5 **SISTANCE PROGRAMS.**

6 (a) DEFINITIONS.—In this section:

7 (1) ELIGIBLE PRODUCER ON A FARM.—

8 (A) IN GENERAL.—The term “eligible pro-  
9 ducer on a farm” means an individual or entity  
10 described in subparagraph (B) that, as deter-  
11 mined by the Secretary, assumes the production  
12 and market risks associated with the agricul-  
13 tural production of crops or livestock.

14 (B) DESCRIPTION.—An individual or enti-  
15 ty referred to in subparagraph (A) is—

16 (i) a citizen of the United States;

17 (ii) a resident alien;

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

20 (iv) a corporation, limited liability cor-  
21 poration, or other farm organizational  
22 structure organized under State law.

23 (2) FARM.—

24 (A) IN GENERAL.—The term “farm”  
25 means, in relation to an eligible producer on a

1 farm, the total of all crop acreage in all coun-  
2 ties that is planted or intended to be planted  
3 for harvest, for sale, or on-farm livestock feed-  
4 ing (including native grassland intended for  
5 haying) by the eligible producer.

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

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

16 (3) FARM-RAISED FISH.—The term “farm-  
17 raised fish” means any aquatic species that is propa-  
18 gated and reared in a controlled environment.

19 (4) LIVESTOCK.—The term “livestock” in-  
20 cludes—

21 (A) cattle (including dairy cattle);

22 (B) bison;

23 (C) poultry;

24 (D) sheep;

25 (E) swine;

1 (F) horses; and

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

4 (b) LIVESTOCK INDEMNITY PAYMENTS.—

5 (1) PAYMENTS.—For each of fiscal years 2012  
6 through 2017, the Secretary shall use such sums as  
7 are necessary of the funds of the Commodity Credit  
8 Corporation to make livestock indemnity payments  
9 to eligible producers on farms that have incurred  
10 livestock death losses in excess of the normal mor-  
11 tality, as determined by the Secretary, due to—

12 (A) attacks by animals reintroduced into  
13 the wild by the Federal Government or pro-  
14 tected by Federal law, including wolves; or

15 (B) adverse weather, as determined by the  
16 Secretary, during the calendar year, including  
17 losses due to hurricanes, floods, blizzards, dis-  
18 ease, wildfires, extreme heat, and extreme cold.

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

1           (3) SPECIAL RULE FOR PAYMENTS MADE DUE  
2 TO DISEASE.—The Secretary shall ensure that pay-  
3 ments made to an eligible producer under paragraph  
4 (1) are not made for the same livestock losses for  
5 which compensation is provided pursuant to section  
6 10407(d) of the Animal Health Protection Act (7  
7 U.S.C. 8306(d)).

8 (c) LIVESTOCK FORAGE DISASTER PROGRAM.—

9           (1) DEFINITIONS.—In this subsection:

10           (A) COVERED LIVESTOCK.—

11           (i) IN GENERAL.—Except as provided  
12 in clause (ii), the term “covered livestock”  
13 means livestock of an eligible livestock pro-  
14 ducer that, during the 60 days prior to the  
15 beginning date of a qualifying drought or  
16 fire condition, as determined by the Sec-  
17 retary, the eligible livestock producer—

18                   (I) owned;

19                   (II) leased;

20                   (III) purchased;

21                   (IV) entered into a contract to  
22 purchase;

23                   (V) is a contract grower; or

1 (VI) sold or otherwise disposed of  
2 due to qualifying drought conditions  
3 during—

4 (aa) the current production  
5 year; or

6 (bb) subject to paragraph  
7 (3)(B)(ii), 1 or both of the 2 pro-  
8 duction years immediately pre-  
9 ceding the current production  
10 year.

11 (ii) EXCLUSION.—The term “covered  
12 livestock” does not include livestock that  
13 were or would have been in a feedlot, on  
14 the beginning date of the qualifying  
15 drought or fire condition, as a part of the  
16 normal business operation of the eligible  
17 livestock producer, as determined by the  
18 Secretary.

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

24 (C) ELIGIBLE LIVESTOCK PRODUCER.—

1 (i) IN GENERAL.—The term “eligible  
2 livestock producer” means an eligible pro-  
3 ducer on a farm that—

4 (I) is an owner, cash or share  
5 lessee, or contract grower of covered  
6 livestock that provides the pastureland  
7 or grazing land, including cash-leased  
8 pastureland or grazing land, for the  
9 livestock;

10 (II) provides the pastureland or  
11 grazing land for covered livestock, in-  
12 cluding cash-leased pastureland or  
13 grazing land that is physically located  
14 in a county affected by drought;

15 (III) certifies grazing loss; and

16 (IV) meets all other eligibility re-  
17 quirements established under this sub-  
18 section.

19 (ii) EXCLUSION.—The term “eligible  
20 livestock producer” does not include an  
21 owner, cash or share lessee, or contract  
22 grower of livestock that rents or leases  
23 pastureland or grazing land owned by an-  
24 other person on a rate-of-gain basis.



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

3           (A) ELIGIBLE LOSSES.—

4           (i) IN GENERAL.—An eligible livestock  
5           producer may receive assistance under this  
6           subsection only for grazing losses for cov-  
7           ered livestock that occur on land that—

8                   (I) is native or improved  
9                   pastureland with permanent vegeta-  
10                  tive cover; or

11                   (II) is planted to a crop planted  
12                   specifically for the purpose of pro-  
13                   viding grazing for covered livestock.

14           (ii) EXCLUSIONS.—An eligible live-  
15           stock producer may not receive assistance  
16           under this subsection for grazing losses  
17           that occur on land used for haying or graz-  
18           ing under the conservation reserve pro-  
19           gram established under subchapter B of  
20           chapter 1 of subtitle D of title XII of the  
21           Food Security Act of 1985 (16 U.S.C.  
22           3831 et seq.), unless the land is grassland  
23           eligible for the conservation reserve pro-  
24           gram under section 1231(d)(2) of the Food

1 Security Act of 1985 (16 U.S.C. 3831), as  
2 amended by section 2001 of this Act.

3 (B) MONTHLY PAYMENT RATE.—

4 (i) IN GENERAL.—Except as provided  
5 in clause (ii), the payment rate for assist-  
6 ance under this paragraph for 1 month  
7 shall, in the case of drought, be equal to  
8 60 percent of the lesser of—

9 (I) the monthly feed cost for all  
10 covered livestock owned or leased by  
11 the eligible livestock producer, as de-  
12 termined under subparagraph (C); or

13 (II) the monthly feed cost cal-  
14 culated by using the normal carrying  
15 capacity of the eligible grazing land of  
16 the eligible livestock producer.

17 (ii) PARTIAL COMPENSATION.—In the  
18 case of an eligible livestock producer that  
19 sold or otherwise disposed of covered live-  
20 stock due to drought conditions in 1 or  
21 both of the 2 production years immediately  
22 preceding the current production year, as  
23 determined by the Secretary, the payment  
24 rate shall be 80 percent of the payment

1 rate otherwise calculated in accordance  
2 with clause (i).

3 (C) MONTHLY FEED COST.—

4 (i) IN GENERAL.—The monthly feed  
5 cost shall equal the product obtained by  
6 multiplying—

7 (I) 30 days;

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

11 (III) a payment rate that is equal  
12 to the corn price per pound, as deter-  
13 mined under clause (iii).

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

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

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

1 (iii) CORN PRICE PER POUND.—For  
2 purposes of clause (i)(III), the corn price  
3 per pound shall equal the quotient ob-  
4 tained by dividing—

5 (I) the higher of—

6 (aa) the national average  
7 corn price per bushel for the 12-  
8 month period immediately pre-  
9 ceeding March 1 of the year for  
10 which the disaster assistance is  
11 calculated; or

12 (bb) the national average  
13 corn price per bushel for the 24-  
14 month period immediately pre-  
15 ceeding that March 1; by

16 (II) 56.

17 (D) NORMAL GRAZING PERIOD AND  
18 DROUGHT MONITOR INTENSITY.—

19 (i) FSA COUNTY COMMITTEE DETER-  
20 MINATIONS.—

21 (I) IN GENERAL.—The Secretary  
22 shall determine the normal carrying  
23 capacity and normal grazing period  
24 for each type of grazing land or

1 pastureland in the county served by  
2 the applicable committee.

3 (II) CHANGES.—No change to  
4 the normal carrying capacity or nor-  
5 mal grazing period established for a  
6 county under subclause (I) shall be  
7 made unless the change is requested  
8 by the appropriate State and county  
9 Farm Service Agency committees.

10 (ii) DROUGHT INTENSITY.—

11 (I) D2.—An eligible livestock  
12 producer that owns or leases grazing  
13 land or pastureland that is physically  
14 located in a county that is rated by  
15 the U.S. Drought Monitor as having a  
16 D2 (severe drought) intensity in any  
17 area of the county for at least 8 con-  
18 secutive weeks during the normal  
19 grazing period for the county, as de-  
20 termined by the Secretary, shall be el-  
21 igible to receive assistance under this  
22 paragraph in an amount equal to 1  
23 monthly payment using the monthly  
24 payment rate determined under sub-  
25 paragraph (B).

1 (II) D3.—An eligible livestock  
2 producer that owns or leases grazing  
3 land or pastureland that is physically  
4 located in a county that is rated by  
5 the U.S. Drought Monitor as having  
6 at least a D3 (extreme drought) in-  
7 tensity in any area of the county at  
8 any time during the normal grazing  
9 period for the county, as determined  
10 by the Secretary, shall be eligible to  
11 receive assistance under this para-  
12 graph—

13 (aa) in an amount equal to  
14 2 monthly payments using the  
15 monthly payment rate deter-  
16 mined under subparagraph (B);  
17 or

18 (bb) if the county is rated as  
19 having a D3 (extreme drought)  
20 intensity in any area of the coun-  
21 ty for at least 4 weeks during the  
22 normal grazing period for the  
23 county, or is rated as having a  
24 D4 (exceptional drought) inten-  
25 sity in any area of the county at

1 any time during the normal graz-  
2 ing period, in an amount equal to  
3 3 monthly payments using the  
4 monthly payment rate deter-  
5 mined under subparagraph (B).

6 (4) ASSISTANCE FOR LOSSES DUE TO FIRE ON  
7 PUBLIC MANAGED LAND.—

8 (A) IN GENERAL.—An eligible livestock  
9 producer may receive assistance under this  
10 paragraph only if—

11 (i) the grazing losses occur on range-  
12 land that is managed by a Federal agency;  
13 and

14 (ii) the eligible livestock producer is  
15 prohibited by the Federal agency from  
16 grazing the normal permitted livestock on  
17 the managed rangeland due to a fire.

18 (B) PAYMENT RATE.—The payment rate  
19 for assistance under this paragraph shall be  
20 equal to 50 percent of the monthly feed cost for  
21 the total number of livestock covered by the  
22 Federal lease of the eligible livestock producer,  
23 as determined under paragraph (3)(C).

24 (C) PAYMENT DURATION.—

1 (i) IN GENERAL.—Subject to clause  
2 (ii), an eligible livestock producer shall be  
3 eligible to receive assistance under this  
4 paragraph for the period—

5 (I) beginning on the date on  
6 which the Federal agency excludes the  
7 eligible livestock producer from using  
8 the managed rangeland for grazing;  
9 and

10 (II) ending on the last day of the  
11 Federal lease of the eligible livestock  
12 producer.

13 (ii) LIMITATION.—An eligible livestock  
14 producer may only receive assistance under  
15 this paragraph for losses that occur on not  
16 more than 180 days per year.

17 (5) NO DUPLICATIVE PAYMENTS.—

18 (A) IN GENERAL.—An eligible livestock  
19 producer may elect to receive assistance for  
20 grazing or pasture feed losses due to drought  
21 conditions under paragraph (3) or fire under  
22 paragraph (4), but not both for the same loss,  
23 as determined by the Secretary.

24 (B) RELATIONSHIP TO OTHER ASSIST-  
25 ANCE.—An eligible livestock producer that re-

1           ceives assistance under this subsection may not  
2           also receive assistance for losses to crops on the  
3           same land with the same intended use.

4           (d) EMERGENCY ASSISTANCE FOR LIVESTOCK,  
5 HONEY BEES, AND FARM-RAISED FISH.—

6           (1) IN GENERAL.—For each of fiscal years  
7           2012 through 2017, the Secretary shall use not  
8           more than \$10,000,000 of the funds of the Com-  
9           modity Credit Corporation to provide emergency re-  
10          lief to eligible producers of livestock, honey bees, and  
11          farm-raised fish to aid in the reduction of losses due  
12          to disease, adverse weather, or other conditions, such  
13          as blizzards and wildfires, as determined by the Sec-  
14          retary, that are not covered under subsection (b) or  
15          (c).

16          (2) USE OF FUNDS.—Funds made available  
17          under this subsection shall be used to reduce losses  
18          caused by feed or water shortages, disease, or other  
19          factors as determined by the Secretary.

20          (3) AVAILABILITY OF FUNDS.—Any funds made  
21          available under this subsection shall remain available  
22          until expended.

23          (e) TREE ASSISTANCE PROGRAM.—

24          (1) DEFINITIONS.—In this subsection:

1 (A) ELIGIBLE ORCHARDIST.—The term  
2 “eligible orchardist” means a person that pro-  
3 duces annual crops from trees for commercial  
4 purposes.

5 (B) NATURAL DISASTER.—The term “nat-  
6 ural disaster” means plant disease, insect infes-  
7 tation, drought, fire, freeze, flood, earthquake,  
8 lightning, or other occurrence, as determined by  
9 the Secretary.

10 (C) NURSERY TREE GROWER.—The term  
11 “nursery tree grower” means a person who pro-  
12 duces nursery, ornamental, fruit, nut, or Christ-  
13 mas trees for commercial sale, as determined by  
14 the Secretary.

15 (D) TREE.—The term “tree” includes a  
16 tree, bush, and vine.

17 (2) ELIGIBILITY.—

18 (A) LOSS.—Subject to subparagraph (B),  
19 for each of fiscal years 2012 through 2017, the  
20 Secretary shall use such sums as are necessary  
21 of the funds of the Commodity Credit Corpora-  
22 tion to provide assistance—

23 (i) under paragraph (3) to eligible or-  
24 chardists and nursery tree growers that  
25 planted trees for commercial purposes but

1           lost the trees as a result of a natural dis-  
2           aster, as determined by the Secretary; and

3                   (ii) under paragraph (3)(B) to eligible  
4           orchardists and nursery tree growers that  
5           have a production history for commercial  
6           purposes on planted or existing trees but  
7           lost the trees as a result of a natural dis-  
8           aster, as determined by the Secretary.

9           (B) LIMITATION.—An eligible orchardist  
10          or nursery tree grower shall qualify for assist-  
11          ance under subparagraph (A) only if the tree  
12          mortality of the eligible orchardist or nursery  
13          tree grower, as a result of damaging weather or  
14          related condition, exceeds 15 percent (adjusted  
15          for normal mortality).

16          (3) ASSISTANCE.—Subject to paragraph (4),  
17          the assistance provided by the Secretary to eligible  
18          orchardists and nursery tree growers for losses de-  
19          scribed in paragraph (2) shall consist of—

20                   (A)(i) reimbursement of 65 percent of the  
21          cost of replanting trees lost due to a natural  
22          disaster, as determined by the Secretary, in ex-  
23          cess of 15 percent mortality (adjusted for nor-  
24          mal mortality); or

1           (ii) at the option of the Secretary, suffi-  
2           cient seedlings to reestablish a stand; and

3           (B) reimbursement of 50 percent of the  
4           cost of pruning, removal, and other costs in-  
5           curred by an eligible orchardist or nursery tree  
6           grower to salvage existing trees or, in the case  
7           of tree mortality, to prepare the land to replant  
8           trees as a result of damage or tree mortality  
9           due to a natural disaster, as determined by the  
10          Secretary, in excess of 15 percent damage or  
11          mortality (adjusted for normal tree damage and  
12          mortality).

13          (4) LIMITATIONS ON ASSISTANCE.—

14           (A) DEFINITIONS OF LEGAL ENTITY AND  
15           PERSON.—In this paragraph, the terms “legal  
16           entity” and “person” have the meaning given  
17           those terms in section 1001(a) of the Food Se-  
18           curity Act of 1985 (7 U.S.C. 1308(a)).

19           (B) AMOUNT.—The total amount of pay-  
20           ments received, directly or indirectly, by a per-  
21           son or legal entity (excluding a joint venture or  
22           general partnership) under this subsection may  
23           not exceed \$100,000 for any crop year, or an  
24           equivalent value in tree seedlings.

1           (C) ACRES.—The total quantity of acres  
2           planted to trees or tree seedlings for which a  
3           person or legal entity shall be entitled to receive  
4           payments under this subsection may not exceed  
5           500 acres.

6           (f) PAYMENT LIMITATIONS.—

7           (1) DEFINITIONS OF LEGAL ENTITY AND PER-  
8           SON.—In this subsection, the terms “legal entity”  
9           and “person” have the meaning given those terms in  
10          section 1001(a) of the Food Security Act of 1985 (7  
11          U.S.C. 1308(a)).

12          (2) AMOUNT.—The total amount of disaster as-  
13          sistance payments received, directly or indirectly, by  
14          a person or legal entity (excluding a joint venture or  
15          general partnership) under this section (excluding  
16          payments received under subsection (e)) may not ex-  
17          ceed \$100,000 for any crop year.

18          (3) DIRECT CONTRIBUTION.—Subsections (e)  
19          and (f) of section 1001 of the Food Security Act of  
20          1985 (7 U.S.C. 1308) or any successor provisions  
21          relating to direct attribution shall apply with respect  
22          to assistance provided under this section.

1 **SEC. 1502. CONFORMING AMENDMENTS.**

2 (a) The Federal Crop Insurance Act is amended by  
3 striking “**Subtitle A—Federal Crop Insurance**  
4 **Act**”.

5 (b) Subtitle B of the Federal Crop Insurance Act (7  
6 U.S.C. 1531) is repealed.

7 (c) Title IX of the Trade Act of 1974 (19 U.S.C.  
8 2497 et seq.) is repealed.

9 (d) CONTINUED APPLICATION FOR 2012.—The Sec-  
10 retary shall use such sums as are necessary of the Com-  
11 modity Credit Corporation to carry out the program of  
12 supplemental revenue assistance payments established  
13 under section 531(b) of the Federal Crop Insurance Act  
14 (7 U.S.C. 1531) and section 901(b) of the Trade Act of  
15 1974 (19 U.S.C. 2497), as in effect as of the 2011 crop  
16 year, for losses incurred during the 2012 crop year.

17 **Subtitle F—Administration**

18 **SEC. 1601. ADMINISTRATION GENERALLY.**

19 (a) USE OF COMMODITY CREDIT CORPORATION.—  
20 The Secretary shall use the funds, facilities, and authori-  
21 ties of the Commodity Credit Corporation to carry out this  
22 title.

23 (b) DETERMINATIONS BY SECRETARY.—A deter-  
24 mination made by the Secretary under this title shall be  
25 final and conclusive.

26 (c) REGULATIONS.—

1           (1) IN GENERAL.—Except as otherwise pro-  
2           vided in this subsection, not later than 90 days after  
3           the date of enactment of this Act, the Secretary and  
4           the Commodity Credit Corporation, as appropriate,  
5           shall promulgate such regulations as are necessary  
6           to implement this title and the amendments made by  
7           this title.

8           (2) PROCEDURE.—The promulgation of the reg-  
9           ulations and administration of this title and the  
10          amendments made by this title and sections 11001  
11          and 11011 of this Act shall be made without regard  
12          to—

13                   (A) the notice and comment provisions of  
14                   section 553 of title 5, United States Code;

15                   (B) chapter 35 of title 44, United States  
16                   Code (commonly known as the “Paperwork Re-  
17                   duction Act”); and

18                   (C) the Statement of Policy of the Sec-  
19                   retary of Agriculture effective July 24, 1971  
20                   (36 Fed. Reg. 13804), relating to notices of  
21                   proposed rulemaking and public participation in  
22                   rulemaking.

23          (3) CONGRESSIONAL REVIEW OF AGENCY RULE-  
24          MAKING.—In carrying out this subsection, the Sec-

1       retary shall use the authority provided under section  
2       808 of title 5, United States Code.

3       (d) ADJUSTMENT AUTHORITY RELATED TO TRADE  
4 AGREEMENTS COMPLIANCE.—

5           (1) REQUIRED DETERMINATION; ADJUST-  
6       MENT.—If the Secretary determines that expendi-  
7       tures under this title that are subject to the total al-  
8       lowable domestic support levels under the Uruguay  
9       Round Agreements (as defined in section 2 of the  
10      Uruguay Round Agreements Act (19 U.S.C. 3501))  
11      will exceed the allowable levels for any applicable re-  
12      porting period, the Secretary shall, to the maximum  
13      extent practicable, make adjustments in the amount  
14      of the expenditures during that period to ensure that  
15      the expenditures do not exceed the allowable levels.

16           (2) CONGRESSIONAL NOTIFICATION.—Before  
17      making any adjustment under paragraph (1), the  
18      Secretary shall submit to the Committee on Agri-  
19      culture of the House of Representatives and the  
20      Committee on Agriculture, Nutrition, and Forestry  
21      of the Senate a report describing the determination  
22      made under that paragraph and the extent of the  
23      adjustment to be made.

1 **SEC. 1602. SUSPENSION OF PERMANENT PRICE SUPPORT**

2 **AUTHORITY.**

3 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

4 The following provisions of the Agricultural Adjustment

5 Act of 1938 shall not be applicable to the 2013 through

6 2017 crops of covered commodities (as defined in section

7 1104), cotton, and sugar and shall not be applicable to

8 milk during the period beginning on the date of enactment

9 of this Act through December 31, 2017:

10 (1) Parts II through V of subtitle B of title III

11 (7 U.S.C. 1326 et seq.).

12 (2) In the case of upland cotton, section 377 (7

13 U.S.C. 1377).

14 (3) Subtitle D of title III (7 U.S.C. 1379a et

15 seq.).

16 (4) Title IV (7 U.S.C. 1401 et seq.).

17 (b) AGRICULTURAL ACT OF 1949.—The following

18 provisions of the Agricultural Act of 1949 shall not be ap-

19 plicable to the 2013 through 2017 crops of covered com-

20 modities (as defined in section 1104), cotton, and sugar

21 and shall not be applicable to milk during the period be-

22 ginning on the date of enactment of this Act and through

23 December 31, 2017:

24 (1) Section 101 (7 U.S.C. 1441).

25 (2) Section 103(a) (7 U.S.C. 1444(a)).

26 (3) Section 105 (7 U.S.C. 1444b).

1 (4) Section 107 (7 U.S.C. 1445a).

2 (5) Section 110 (7 U.S.C. 1445e).

3 (6) Section 112 (7 U.S.C. 1445g).

4 (7) Section 115 (7 U.S.C. 1445k).

5 (8) Section 201 (7 U.S.C. 1446).

6 (9) Title III (7 U.S.C. 1447 et seq.).

7 (10) Title IV (7 U.S.C. 1421 et seq.), other  
8 than sections 404, 412, and 416 (7 U.S.C. 1424,  
9 1429, and 1431).

10 (11) Title V (7 U.S.C. 1461 et seq.).

11 (12) Title VI (7 U.S.C. 1471 et seq.).

12 (c) **SUSPENSION OF CERTAIN QUOTA PROVISIONS.**—

13 The joint resolution entitled “A joint resolution relating  
14 to corn and wheat marketing quotas under the Agricul-  
15 tural Adjustment Act of 1938, as amended”, approved  
16 May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be  
17 applicable to the crops of wheat planted for harvest in the  
18 calendar years 2013 through 2017.

19 **SEC. 1603. PAYMENT LIMITATIONS.**

20 (a) **IN GENERAL.**—Section 1001 of the Food Security  
21 Act of 1985 (7 U.S.C. 1308) is amended by striking sub-  
22 sections (b) and (c) and inserting the following:

23 “(b) **LIMITATION ON PAYMENTS FOR PEANUTS AND**  
24 **OTHER COVERED COMMODITIES.**—The total amount of  
25 payments received, directly or indirectly, by a person or

1 legal entity (except a joint venture or general partnership)  
2 for any crop year under subtitle A of the Agriculture Re-  
3 form, Food, and Jobs Act of 2012 for—

4 “(1) peanuts may not exceed \$50,000; and

5 “(2) 1 or more other covered commodities may  
6 not exceed \$50,000.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 1001 of the Food Security Act of  
9 1985 (7 U.S.C. 1308) is amended—

10 (A) in subsection (a)(1), by striking “sec-  
11 tion 1001 of the Food, Conservation, and En-  
12 ergy Act of 2008” and inserting “section 1104  
13 of the Agriculture Reform, Food, and Jobs Act  
14 of 2012”;

15 (B) in subsection (d), by inserting “or title  
16 I of the Agriculture Reform, Food, and Jobs  
17 Act of 2012” before the period at the end;

18 (C) in subsection (e)—

19 (i) in paragraph (1), by striking “sub-  
20 sections (b) and (c) and a program de-  
21 scribed in paragraphs (1)(C)” and insert-  
22 ing “subsection (b) and a program de-  
23 scribed in paragraph (1)(B)”;

1 (ii) in paragraph (3)(B), by striking  
2 “subsections (b) and (c)” each place it ap-  
3 pears and inserting “subsection (b)”;

4 (D) in subsection (f)—

5 (i) by striking “or title XII” each  
6 place it appears in paragraphs (5)(A) and  
7 (6)(A) and inserting “, title I of the Agri-  
8 culture Reform, Food, and Jobs Act of  
9 2012, or title XII”;

10 (ii) in paragraph (2), by striking  
11 “Subsections (b) and (c)” and inserting  
12 “Subsection (b)”;

13 (iii) in paragraph (4)(B), by striking  
14 “subsection (b) or (c)” and inserting “sub-  
15 section (b)”;

16 (iv) in paragraph (5)—

17 (I) in subparagraph (A), by strik-  
18 ing “subsection (d)” and inserting  
19 “subsection (e)”;

20 (II) in subparagraph (B), by  
21 striking “subsection (b), (c), or (d)”  
22 and inserting “subsection (b) or (c)”;  
23 and

24 (v) in paragraph (6)—

1 (I) in subparagraph (A), by strik-  
2 ing “subsection (d), except as pro-  
3 vided in subsection (g)” and inserting  
4 “subsection (c), except as provided in  
5 subsection (f)”;

6 (II) in subparagraph (B), by  
7 striking “subsections (b), (c), and  
8 (d)” and inserting “subsections (b)  
9 and (c)”;

10 (E) in subsection (g)—

11 (i) in paragraph (1)—

12 (I) by striking “subsection  
13 (f)(6)(A)” and inserting “subsection  
14 (e)(6)(A)” and

15 (II) by striking “subsection (b)  
16 or (c)” and inserting “subsection (b)”;  
17 and

18 (ii) in paragraph (2)(A), by striking  
19 “subsections (b) and (c)” and inserting  
20 “subsection (b)”;

21 (F) by redesignating subsections (d)  
22 through (h) as subsections (c) through (g), re-  
23 spectively.

24 (2) Section 1001A of the Food Security Act of  
25 1985 (7 U.S.C. 1308–1) is amended—

1 (A) in subsection (a), by striking “sub-  
2 sections (b) and (c)” and inserting “subsection  
3 (b)”;

4 (B) in subsection (b)(1), by striking “sub-  
5 section (b) or (c)” and inserting “subsection  
6 (b)”.

7 (3) Section 1001B(a) of the Food Security Act  
8 of 1985 (7 U.S.C. 1308–2(a)) is amended in the  
9 matter preceding paragraph (1) by striking “sub-  
10 sections (b) and (c)” and inserting “subsection (b)”.

11 (4) Section 1001C(a) of the Food Security Act  
12 of 1985 (7 U.S.C. 1308–3(a)) is amended by insert-  
13 ing “title I of the Agriculture Reform, Food, and  
14 Jobs Act of 2012,” after “2008,”.

15 (c) APPLICATION.—The amendments made by this  
16 section shall apply beginning with the 2013 crop year.

17 **SEC. 1604. PAYMENTS LIMITED TO ACTIVE FARMERS.**

18 Section 1001A of the Food Security Act of 1985 (7  
19 U.S.C. 1308–1) is amended—

20 (1) in subsection (b)(2)—

21 (A) by striking “or active personal man-  
22 agement” each place it appears in subpara-  
23 graphs (A)(i)(II) and (B)(ii); and

24 (B) in subparagraph (C), by striking “, as  
25 applied to the legal entity, are met by the legal

1           entity, the partners or members making a sig-  
2           nificant contribution of personal labor or active  
3           personal management” and inserting “are met  
4           by partners or members making a significant  
5           contribution of personal labor, those partners or  
6           members”; and

7           (2) in subsection (c)—

8                 (A) in paragraph (1)—

9                     (i) by striking subparagraph (A) and  
10                     inserting the following:

11                     “(A) the landowner share-rents the land at  
12                     a rate that is usual and customary;”;

13                     (ii) in subparagraph (B), by striking  
14                     the period at the end and inserting “;  
15                     and”; and

16                     (iii) by adding at the end the fol-  
17                     lowing:

18                     “(C) the share of the payments received by  
19                     the landowner is commensurate with the share  
20                     of the crop or income received as rent.”;

21                 (B) in paragraph (2)(A), by striking “ac-  
22                 tive personal management or”;

23                 (C) in paragraph (5)—

1 (i) by striking “(5)” and all that fol-  
2 lows through “(A) IN GENERAL.—A per-  
3 son” and inserting the following:

4 “(5) CUSTOM FARMING SERVICES.—A person”;

5 (ii) by inserting “under usual and  
6 customary terms” after “services”; and

7 (iii) by striking subparagraph (B);

8 and

9 (D) by adding at the end the following:

10 “(7) FARM MANAGERS.—A person who other-  
11 wise meets the requirements of this subsection other  
12 than (b)(2)(A)(i)(II) shall be considered to be ac-  
13 tively engaged in farming with respect to the farm-  
14 ing operation if the person—

15 “(A) makes a significant contribution of  
16 management to the farming operation necessary  
17 for the farming operation, as determined by the  
18 Secretary taking into account—

19 “(i) the size and complexity of the  
20 farming operation; and

21 “(ii) the management requirements  
22 normally and customarily required by simi-  
23 lar farming operations;

24 “(B) is the only person qualifying the  
25 farming operation (including a sole proprietor-

1 ship, legal entity, general partnership, or joint  
2 venture) as actively engaged in farming;

3 “(C) qualifies only a single sole proprietor-  
4 ship, legal entity, general partnership, or joint  
5 venture as actively engaged in farming; and

6 “(D) manages a farm operation that does  
7 not substantially share equipment, labor, or  
8 management with persons or legal entities that  
9 with the person collectively receive, directly or  
10 indirectly, an amount equal to more than the  
11 applicable limits under section 1001(b).”.

12 **SEC. 1605. ADJUSTED GROSS INCOME LIMITATION.**

13 (a) IN GENERAL.—Section 1001D(b)) of the Food  
14 Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended  
15 by striking paragraph (1) and inserting the following:

16 “(1) COMMODITY PROGRAMS.—

17 “(A) LIMITATION.—Notwithstanding any  
18 other provision of law, a person or legal entity  
19 shall not be eligible to receive any benefit de-  
20 scribed in subparagraph (B) during a crop, fis-  
21 cal or program year, as appropriate, if the aver-  
22 age adjusted gross income (or comparable  
23 measure over the 3 taxable years preceding the  
24 most immediately preceding complete taxable

1 year, as determined by the Secretary) of the  
2 person or legal entity exceeds \$750,000.

3 “(B) COVERED BENEFITS.—Subparagraph  
4 (A) applies with respect to the following:

5 “(i) A payment under section 1105 of  
6 the Agriculture Reform, Food, and Jobs  
7 Act of 2012.

8 “(ii) A marketing loan gain or loan  
9 deficiency payment under subtitle B of title  
10 I of the Agriculture Reform, Food, and  
11 Jobs Act of 2012.

12 “(iii) A payment under subtitle E of  
13 the Agriculture Reform, Food, and Jobs  
14 Act of 2012.”.

15 “(iv) A payment under section 196 of  
16 the Federal Agriculture Improvement and  
17 Reform Act of 1996 (7 U.S.C. 7333).”.

18 (b) APPLICATION.—The amendments made by this  
19 section shall apply beginning with the 2013 crop year.

20 **SEC. 1606. GEOGRAPHICALLY DISADVANTAGED FARMERS**  
21 **AND RANCHERS.**

22 Section 1621(d) of the Food, Conservation, and En-  
23 ergy Act of 2008 (7 U.S.C. 8792(d)) is amended by strik-  
24 ing “2012” and inserting “2017”.

1 **SEC. 1607. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**  
2 **CIENCIES.**

3 Section 164 of the Federal Agriculture Improvement  
4 and Reform Act of 1996 (7 U.S.C. 7284) is amended by  
5 striking “and title I of the Food, Conservation, and En-  
6 ergy Act of 2008” each place it appears and inserting  
7 “title I of the Food, Conservation, and Energy Act of  
8 2008 (7 U.S.C. 8702 et seq.), and title I of the Agriculture  
9 Reform, Food, and Jobs Act of 2012”.

10 **SEC. 1608. PREVENTION OF DECEASED INDIVIDUALS RE-**  
11 **CEIVING PAYMENTS UNDER FARM COM-**  
12 **MODITY PROGRAMS.**

13 (a) RECONCILIATION.—At least twice each year, the  
14 Secretary shall reconcile social security numbers of all in-  
15 dividuals who receive payments under this title, whether  
16 directly or indirectly, with the Commissioner of Social Se-  
17 curity to determine if the individuals are alive.

18 (b) PRECLUSION.—The Secretary shall preclude the  
19 issuance of payments to, and on behalf of, deceased indi-  
20 viduals that were not eligible for payments.

21 **SEC. 1609. APPEALS.**

22 (a) DIRECTION, CONTROL, AND SUPPORT.—Section  
23 272 of the Department of Agriculture Reorganization Act  
24 of 1994 (7 U.S.C. 6992) is amended by striking sub-  
25 section (c) and inserting the following:

26 “(c) DIRECTION, CONTROL, AND SUPPORT.—

1           “(1) DIRECTION AND CONTROL.—

2                   “(A) IN GENERAL.—Except as provided in  
3 paragraph (2), the Director shall be free from  
4 the direction and control of any person other  
5 than the Secretary or the Deputy Secretary of  
6 Agriculture.

7                   “(B) ADMINISTRATIVE SUPPORT.—The Di-  
8 vision shall not receive administrative support  
9 (except on a reimbursable basis) from any agen-  
10 cy other than the Office of the Secretary.

11                   “(C) PROHIBITION ON DELEGATION.—The  
12 Secretary may not delegate to any other officer  
13 or employee of the Department, other than the  
14 Deputy Secretary of Agriculture or the Direc-  
15 tor, the authority of the Secretary with respect  
16 to the Division.

17           “(2) EXCEPTION.—The Assistant Secretary for  
18 Administration is authorized to investigate, enforce,  
19 and implement the provisions in law, Executive  
20 order, or regulations that relate in general to com-  
21 petitive and excepted service positions and employ-  
22 ment within the Division, including the position of  
23 Director, and such authority may be further dele-  
24 gated to subordinate officials.”.

1 (b) DETERMINATION OF APPEALABILITY OF AGENCY  
2 DECISIONS.—Section 272 of the Department of Agri-  
3 culture Reorganization Act of 1994 (7 U.S.C. 6992) is  
4 amended by striking subsection (d) and inserting the fol-  
5 lowing:

6 “(d) DETERMINATION OF APPEALABILITY OF AGEN-  
7 CY DECISIONS.—

8 “(1) DEFINITION OF A MATTER OF GENERAL  
9 APPLICABILITY.—In this subsection, the term ‘a  
10 matter of general applicability’ means a matter that  
11 challenges the merits or authority of a rule, proce-  
12 dure, local or national program practice, or deter-  
13 mination of an agency that applies, or can apply, to  
14 more than 1 interested party as opposed to the par-  
15 ticular application of the rule, procedure, or practice  
16 to a specific set of facts or the facts themselves as  
17 the facts apply to 1 particular interested party.

18 “(2) MATTERS NOT SUBJECT TO APPEAL.—The  
19 Division may not hear appeals—

20 “(A) unless the determination of the agen-  
21 cy is adverse to the appellant;

22 “(B) that involve matters of general appli-  
23 cability; and

1           “(C) that involve requests for equitable re-  
2           lief unless the equitable relief has been denied  
3           by the agency.

4           “(3) **EQUITABLE RELIEF.**—

5           “(A) **IN GENERAL.**—An appeal requesting  
6           equitable relief may not be granted by the Di-  
7           rector to an appellant unless, using the rules  
8           and practices that the agency applies to itself,  
9           the agency could in fact have granted the relief  
10          because the appellant acted in good faith, but  
11          failed to fully comply with the requirement of  
12          the rule or practice of the agency.

13          “(B) **REMAND.**—If it cannot be deter-  
14          mined whether the agency would have granted  
15          equitable relief because the appellant acted in  
16          good faith, but failed to comply with the rule or  
17          practice of the agency, the matter shall be re-  
18          manded to the agency for further consideration.

19          “(4) **DETERMINATION OF APPEALABILITY.**—If  
20          an officer, employee, or committee of an agency de-  
21          termines that a decision is not appealable and a par-  
22          ticipant appeals the decision to the Director, the Di-  
23          rector shall determine whether the decision is ad-  
24          verse to the individual participant and appealable or

1 is a matter of general applicability and not subject  
2 to appeal.

3 “(5) APPEALABILITY OF DETERMINATION.—  
4 The determination of the Director as to whether a  
5 decision is appealable is final.”.

6 (c) **EQUITABLE RELIEF.**—Section 278 of the Depart-  
7 ment of Agriculture Reorganization Act of 1994 (7 U.S.C.  
8 6998) is amended by striking subsection (d).

9 (d) **CONFORMING AMENDMENT.**—Section 296(b) of  
10 the Department of Agriculture Reorganization Act of  
11 1994 (7 U.S.C. 7014(b)) is amended—

12 (1) in paragraph (6)(C), by striking “or” at the  
13 end;

14 (2) in paragraph (7), by striking the period at  
15 the end and inserting “; or”; and

16 (3) by adding at the end the following:

17 “(8) the authority of the Secretary to carry out  
18 amendments to sections 272 and 278 made by the  
19 Agriculture Reform, Food, and Jobs Act of 2012.”.

20 **SEC. 1610. TECHNICAL CORRECTIONS.**

21 (a) Section 359f(c)(1)(B) of the Agricultural Adjust-  
22 ment Act of 1938 (7 U.S.C. 1359ff(c)(1)(B)) is amended  
23 by adding a period at the end.

24 (b)(1) Section 1603(g) of the Food, Conservation,  
25 and Energy Act of 2008 (Public Law 110–246; 122 Stat.

1 1739) is amended in paragraphs (2) through (6) and the  
2 amendments made by those paragraphs by striking  
3 “1703(a)” each place it appears and inserting “1603(a)”.

4 (2) This subsection and the amendments made by  
5 this subsection take effect as if included in the Food, Con-  
6 servation, and Energy Act of 2008 (Public Law 110–246;  
7 122 Stat. 1651).

8 **SEC. 1611. ASSIGNMENT OF PAYMENTS.**

9 (a) IN GENERAL.—The provisions of section 8(g) of  
10 the Soil Conservation and Domestic Allotment Act (16  
11 U.S.C. 590h(g)), relating to assignment of payments, shall  
12 apply to payments made under this title.

13 (b) NOTICE.—The producer making the assignment,  
14 or the assignee, shall provide the Secretary with notice,  
15 in such manner as the Secretary may require, of any as-  
16 signment made under this section.

17 **SEC. 1612. TRACKING OF BENEFITS.**

18 As soon as practicable after the date of enactment  
19 of this Act, the Secretary may track the benefits provided,  
20 directly or indirectly, to individuals and entities under ti-  
21 tles I and II and the amendments made by those titles.

22 **SEC. 1613. SIGNATURE AUTHORITY.**

23 (a) IN GENERAL.—In carrying out this title and title  
24 II and amendments made by those titles, if the Secretary  
25 approves a document, the Secretary shall not subsequently

1 determine the document is inadequate or invalid because  
2 of the lack of authority of any person signing the docu-  
3 ment on behalf of the applicant or any other individual,  
4 entity, general partnership, or joint venture, or the docu-  
5 ments relied upon were determined inadequate or invalid,  
6 unless the person signing the program document know-  
7 ingly and willfully falsified the evidence of signature au-  
8 thority or a signature.

9 (b) AFFIRMATION.—

10 (1) IN GENERAL.—Nothing in this section pro-  
11 hibits the Secretary from asking a proper party to  
12 affirm any document that otherwise would be consid-  
13 ered approved under subsection (a).

14 (2) NO RETROACTIVE EFFECT.—A denial of  
15 benefits based on a lack of affirmation under para-  
16 graph (1) shall not be retroactive with respect to  
17 third-party producers who were not the subject of  
18 the erroneous representation of authority, if the  
19 third-party producers—

20 (A) relied on the prior approval by the Sec-  
21 retary of the documents in good faith; and

22 (B) substantively complied with all pro-  
23 gram requirements.

1 **SEC. 1614. IMPLEMENTATION.**

2 (a) STREAMLINING.—In implementing this title, the  
3 Secretary shall, to the maximum extent practicable—

4 (1) seek to reduce administrative burdens and  
5 costs to producers by streamlining and reducing pa-  
6 perwork, forms, and other administrative require-  
7 ments;

8 (2) improve coordination, information sharing,  
9 and administrative work with the Risk Management  
10 Agency and the Natural Resources Conservation  
11 Service; and

12 (3) take advantage of new technologies to en-  
13 hance efficiency and effectiveness of program deliv-  
14 ery to producers.

15 (b) IMPLEMENTATION.—The Secretary shall make  
16 available to the Farm Service Agency to carry out this  
17 title \$100,000,000.

1 **TITLE II—CONSERVATION [COM-**  
2 **plete Substitute Amend-**  
3 **ment]**

4 **Subtitle A—Conservation Reserve**  
5 **Program**

6 **SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS**  
7 **OF CONSERVATION RESERVE PROGRAM.**

8 (a) EXTENSION.—Section 1231(a) of the Food Secu-  
9 rity Act of 1985 (16 U.S.C. 3831(a)) is amended by strik-  
10 ing “2012” and inserting “2017”.

11 (b) ELIGIBLE LAND.—Section 1231(b) of the Food  
12 Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

13 (1) in paragraph (1)(B), by striking “the date  
14 of enactment of the Food, Conservation, and Energy  
15 Act of 2008” and inserting “the date of enactment  
16 of the Agriculture Reform, Food, and Jobs Act of  
17 2012”;

18 (2) by striking paragraph (2) and redesignating  
19 paragraph (3) as paragraph (2);

20 (3) by inserting before paragraph (4) the fol-  
21 lowing:

22 “(3) grassland that—

23 “(A) contains forbs or shrubland (includ-  
24 ing improved rangeland and pastureland) for  
25 which grazing is the predominant use;

1           “(B) is located in an area historically  
2           dominated by grassland; and

3           “(C) could provide habitat for animal and  
4           plant populations of significant ecological value  
5           if the land is retained in its current use or re-  
6           stored to a natural condition;”;

7           (4) in paragraph (4)(C), by striking  
8           “filterstrips devoted to trees or shrubs” and insert-  
9           ing “filterstrips and riparian buffers devoted to  
10          trees, shrubs, or grasses”; and

11          (5) by striking paragraph (5) and inserting the  
12          following:

13          “(5) the portion of land in a field not enrolled  
14          in the conservation reserve in a case in which—

15                 “(A) more than 50 percent of the land in  
16                 the field is enrolled as a buffer or filterstrip or  
17                 more than 75 percent of the land in the field  
18                 is enrolled in a practice other than as a buffer  
19                 or filterstrip; and

20                 “(B) the remainder of the field is—

21                         “(i) infeasible to farm; and

22                         “(ii) enrolled at regular rental rates.”.

23          (c) PLANTING STATUS OF CERTAIN LAND.—Section  
24          1231(c) of the Food Security Act of 1985 (16 U.S.C.  
25          3831(c)) is amended by striking “if” and all that follows

1 through the period at the end and inserting “if, during  
2 the crop year, the land was devoted to a conserving use.”.

3 (d) ENROLLMENT.—Section 1231 of the Food Secu-  
4 rity Act of 1985 (16 U.S.C. 3831) is amended by striking  
5 subsection (d) and inserting the following:

6 “(d) ENROLLMENT.—

7 “(1) MAXIMUM ACREAGE ENROLLED.—The  
8 Secretary may maintain in the conservation reserve  
9 at any 1 time during—

10 “(A) fiscal year 2012, no more than  
11 32,000,000 acres;

12 “(B) fiscal year 2013, no more than  
13 30,000,000 acres;

14 “(C) fiscal year 2014, no more than  
15 27,500,000 acres;

16 “(D) fiscal year 2015, no more than  
17 26,500,000 acres;

18 “(E) fiscal year 2016, no more than  
19 25,500,000 acres; and

20 “(F) fiscal year 2017, no more than  
21 25,000,000 acres.

22 “(2) GRASSLAND.—

23 “(A) LIMITATION.—For purposes of apply-  
24 ing the limitations in paragraph (1), no more  
25 than 1,500,000 acres of the land described in

1 subsection (b)(3) may be enrolled in the pro-  
2 gram at any 1 time during the 2013 through  
3 2017 fiscal years.

4 “(B) PRIORITY.—In enrolling acres under  
5 subparagraph (A), the Secretary may give pri-  
6 ority to land with expiring conservation reserve  
7 program contracts.

8 “(C) METHOD OF ENROLLMENT.—In en-  
9 rolling acres under subparagraph (A), the Sec-  
10 retary shall make the program available to own-  
11 ers or operators of eligible land at least once  
12 during each fiscal year.”.

13 (e) DURATION OF CONTRACT.—Section 1231(e) of  
14 the Food Security Act of 1985 (16 U.S.C. 3831(e)) is  
15 amended by striking paragraphs (2) and (3) and inserting  
16 the following:

17 “(2) SPECIAL RULE FOR CERTAIN LAND.—In  
18 the case of land devoted to hardwood trees,  
19 shelterbelts, windbreaks, or wildlife corridors under  
20 a contract entered into under this subchapter, the  
21 owner or operator of the land may, within the limita-  
22 tions prescribed under this section, specify the dura-  
23 tion of the contract.”.

1 (f) CONSERVATION PRIORITY AREAS.—Section  
2 1231(f) of the Food Security Act of 1985 (16 U.S.C.  
3 3831(f)) is amended—

4 (1) in paragraph (1), by striking “watershed  
5 areas of the Chesapeake Bay Region, the Great  
6 Lakes Region, the Long Island Sound Region, and  
7 other”;

8 (2) in paragraph (2), by striking “WATER-  
9 SHEDS.—Watersheds” and inserting “AREAS.—  
10 Areas”; and

11 (3) in paragraph (3), by striking “a watershed’s  
12 designation—” and all that follows through the pe-  
13 riod at the end and inserting “an area’s designation  
14 if the Secretary finds that the area no longer con-  
15 tains actual and significant adverse water quality or  
16 habitat impacts related to agricultural production  
17 activities.”.

18 **SEC. 2002. FARMABLE WETLAND PROGRAM.**

19 (a) EXTENSION.—Section 1231B(a)(1) of the Food  
20 Security Act of 1985 (16 U.S.C. 3831b(a)(1)) is amend-  
21 ed—

22 (1) by striking “2012” and inserting “2017”;  
23 and

24 (2) by striking “a program” and inserting “a  
25 farmable wetland program”.

1 (b) ELIGIBLE ACREAGE.—Section 1231B(b)(1)(B) of  
2 the Food Security Act of 1985 (16 U.S.C.  
3 3831b(b)(1)(B)) is amended by striking “flow from a row  
4 crop agriculture drainage system” and inserting “surface  
5 and subsurface flow from row crop agricultural produc-  
6 tion”.

7 (c) CLERICAL AMENDMENT.—The heading of section  
8 1231B of the Food Security Act of 1985 (16 U.S.C.  
9 3831b) is amended to read as follows:

10 **“SEC. 1231B. FARMABLE WETLAND PROGRAM.”.**

11 **SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

12 (a) LIMITATION ON HARVESTING, GRAZING OR COM-  
13 Mercial Use of Forage.—Section 1232(a)(8) of the  
14 Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is  
15 amended by striking “except that” and all that follows  
16 through the semicolon at the end of the paragraph and  
17 inserting “except as provided in section 1233(b);”.

18 (b) CONSERVATION PLAN REQUIREMENTS.—Section  
19 1232 of the Food Security Act of 1985 (16 U.S.C. 3832)  
20 is amended by striking subsection (b) and inserting the  
21 following:

22 “(b) CONSERVATION PLANS.—The plan referred to  
23 in subsection (a)(1) shall set forth—

1           “(1) the conservation measures and practices to  
2           be carried out by the owner or operator during the  
3           term of the contract; and

4           “(2) the commercial use, if any, to be permitted  
5           on the land during the term.”.

6           (c) RENTAL PAYMENT REDUCTION.—Section 1232  
7 of the Food Security Act of 1985 (16 U.S.C. 3832) is  
8 amended by striking subsection (d).

9 **SEC. 2004. DUTIES OF THE SECRETARY.**

10          Section 1233 of the Food Security Act of 1985 (16  
11 U.S.C. 3833) is amended to read as follows:

12 **“SEC. 1233. DUTIES OF THE SECRETARY.**

13          “(a) COST-SHARE AND RENTAL PAYMENTS.—In re-  
14 turn for a contract entered into by an owner or operator,  
15 the Secretary shall—

16           “(1) share the cost of carrying out the con-  
17 servation measures and practices set forth in the  
18 contract for which the Secretary determines that  
19 cost sharing is appropriate and in the public inter-  
20 est; and

21           “(2) for a period of years not in excess of the  
22 term of the contract, pay an annual rental payment  
23 in an amount necessary to compensate for—

24           “(A) the conversion of highly erodible crop-  
25 land or other eligible land normally devoted to

1 the production of an agricultural commodity on  
2 a farm or ranch to a less intensive use;

3 “(B) the retirement of any cropland base  
4 and allotment history that the owner or oper-  
5 ator agrees to retire permanently; and

6 “(C) the development and management of  
7 grassland for multiple natural resource con-  
8 servation benefits, including soil, water, air, and  
9 wildlife.

10 “(b) SPECIFIED ACTIVITIES PERMITTED.—The Sec-  
11 retary shall permit certain activities or commercial uses  
12 of land that is subject to the contract if those activities  
13 or uses are consistent with a plan approved by the Sec-  
14 retary and include—

15 “(1) harvesting, grazing, or other commercial  
16 use of the forage in response to a drought, flooding,  
17 or other emergency without any reduction in the  
18 rental rate;

19 “(2) grazing by livestock of a beginning farmer  
20 or rancher without any reduction in the rental rate,  
21 if the grazing is—

22 “(A) consistent with the conservation of  
23 soil, water quality, and wildlife habitat (includ-  
24 ing habitat during the primary nesting season  
25 for critical birds in the area); and

1           “(B) described in subparagraph (B) or (C)  
2           of paragraph (3);

3           “(3) consistent with the conservation of soil,  
4           water quality, and wildlife habitat (including habitat  
5           during the primary nesting season for critical birds  
6           in the area) and in exchange for a reduction of not  
7           less than 25 percent in the annual rental rate for  
8           the acres covered by the authorized activity—

9           “(A) managed harvesting and other com-  
10           mercial use (including the managed harvesting  
11           of biomass), except that in permitting those ac-  
12           tivities the Secretary, in coordination with the  
13           State technical committee—

14                   “(i) shall develop appropriate vegeta-  
15                   tion management requirements; and

16                   “(ii) shall identify periods during  
17                   which the activities may be conducted,  
18                   such that the frequency is at least once  
19                   every 5 years but not more than once every  
20                   3 years;

21           “(B) prescribed grazing for the control of  
22           invasive species, which may be conducted annu-  
23           ally;

1           “(C) routine grazing, except that in per-  
2           mitting routine grazing, the Secretary, in co-  
3           ordination with the State technical committee—

4                   “(i) shall develop appropriate vegeta-  
5                   tion management requirements and stock-  
6                   ing rates for the land that are suitable for  
7                   continued routine grazing; and

8                   “(ii) shall identify the periods during  
9                   which routine grazing may be conducted,  
10                  such that the frequency is not more than  
11                  once every 2 years, taking into consider-  
12                  ation regional differences such as—

13                           “(I) climate, soil type, and nat-  
14                           ural resources;

15                           “(II) the number of years that  
16                           should be required between routine  
17                           grazing activities; and

18                           “(III) how often during a year in  
19                           which routine grazing is permitted  
20                           that routine grazing should be allowed  
21                           to occur; and

22                   “(D) the installation of wind turbines and  
23                   associated access, except that in permitting the  
24                   installation of wind turbines, the Secretary shall  
25                   determine the number and location of wind tur-

1           bines that may be installed, taking into ac-  
2           count—

3                   “(i) the location, size, and other phys-  
4                   ical characteristics of the land;

5                   “(ii) the extent to which the land con-  
6                   tains threatened or endangered wildlife and  
7                   wildlife habitat; and

8                   “(iii) the purposes of the conservation  
9                   reserve program under this subchapter;  
10                  and

11                  “(4) the intermittent and seasonal use of vege-  
12                  tative buffer practices incidental to the production of  
13                  agriculture on land adjacent to the buffer such that  
14                  the permitted use does not destroy the permanent  
15                  vegetative cover.

16                  “(c) AUTHORIZED ACTIVITIES ON GRASSLAND.—  
17                  Notwithstanding section 1232(a)(8), for eligible land de-  
18                  scribed in section 1231(b)(3), the Secretary shall permit  
19                  the following activities:

20                   “(1) Common grazing practices, including  
21                   maintenance and necessary cultural practices, on the  
22                   land in a manner that is consistent with maintaining  
23                   the viability of grassland, forb, and shrub species ap-  
24                   propriate to that locality.

1           “(2) Haying, mowing, or harvesting for seed  
2           production, subject to appropriate restrictions dur-  
3           ing the primary nesting season for critical birds in  
4           the area.

5           “(3) Fire suppression, rehabilitation, and  
6           construction of fire breaks.

7           “(4) Grazing-related activities, such as fencing  
8           and livestock watering.

9           “(d) RESOURCE CONSERVING USE.—

10           “(1) IN GENERAL.—Beginning on the date that  
11           is 1 year before the date of termination of a contract  
12           under the program, the Secretary shall allow an  
13           owner or operator to make conservation and land  
14           improvements that facilitate maintaining protection  
15           of highly erodible land after expiration of the con-  
16           tract.

17           “(2) CONSERVATION PLAN.—The Secretary  
18           shall require an owner or operator carrying out the  
19           activities described in paragraph (1) to develop and  
20           implement a conservation plan.

21           “(3) REENROLLMENT PROHIBITED.—Land al-  
22           tered under paragraph (1) may not be reenrolled in  
23           the conservation reserve program for 5 years.

24           “(4) PAYMENT.—The Secretary shall provide  
25           an annual payment that is reduced in an amount

1 commensurate with any income or other compensa-  
2 tion received as a result of the activities carried out  
3 under paragraph (1).”.

4 **SEC. 2005. PAYMENTS.**

5 (a) TREES, WINDBREAKS, SHELTERBELTS, AND  
6 WILDLIFE CORRIDORS.—Section 1234(b)(3)(A) of the  
7 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is  
8 amended—

9 (1) in clause (i), by inserting “and” after the  
10 semicolon;

11 (2) by striking clause (ii); and

12 (3) by redesignating clause (iii) as clause (ii).

13 (b) INCENTIVES.—Section 1234(b)(3)(B) of the Food  
14 Security Act of 1985 (16 U.S.C. 3834(b)(3)(B)) is amend-  
15 ed—

16 (1) in clause (i), by inserting “, practices to im-  
17 prove the condition of resources on the land,” after  
18 “operator”); and

19 (2) by adding at the end the following:

20 “(iii) INCENTIVES.—In making rental  
21 payments to an owner or operator of land  
22 described in subparagraph (A), the Sec-  
23 retary may provide incentive payments suf-  
24 ficient to encourage proper thinning and

1 practices to improve the condition of re-  
2 sources on the land.”.

3 (c) ANNUAL RENTAL PAYMENTS.—Section 1234(c)  
4 of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is  
5 amended—

6 (1) in paragraph (1), by inserting “and other  
7 eligible land” after “highly erodible cropland” both  
8 places it appears;

9 (2) by striking paragraph (2) and inserting the  
10 following:

11 “(2) METHODS OF DETERMINATION.—

12 “(A) IN GENERAL.—The amounts payable  
13 to owners or operators in the form of rental  
14 payments under contracts entered into under  
15 this subchapter may be determined through—

16 “(i) the submission of bids for such  
17 contracts by owners and operators in such  
18 manner as the Secretary may prescribe; or

19 “(ii) such other means as the Sec-  
20 retary determines are appropriate.

21 “(B) GRASSLAND.—In the case of eligible  
22 land described in section 1231(b)(3), the Sec-  
23 retary shall make annual payments in an  
24 amount that is not more than 75 percent of the

1 grazing value of the land covered by the con-  
2 tract.”; and

3 (3) in paragraph (5)(A)—

4 (A) by striking “The Secretary” and in-  
5 serting the following:

6 “(i) SURVEY.—The Secretary”; and

7 (B) by adding at the end the following:

8 “(ii) USE.—The Secretary may use  
9 the survey of dryland cash rental rates de-  
10 scribed in clause (i) as a factor in deter-  
11 mining rental rates under this section as  
12 the Secretary determines appropriate.”.

13 (d) PAYMENT SCHEDULE.—Section 1234 of the Food  
14 Security Act of 1985 (16 U.S.C. 3834) is amended by  
15 striking subsection (d) and inserting the following:

16 “(d) PAYMENT SCHEDULE.—

17 “(1) IN GENERAL.—Except as otherwise pro-  
18 vided in this section, payments under this sub-  
19 chapter shall be made in cash in such amount and  
20 on such time schedule as is agreed on and specified  
21 in the contract.

22 “(2) SOURCE.—Payments under this sub-  
23 chapter shall be made using the funds of the Com-  
24 modity Credit Corporation.

1           “(3) ADVANCE PAYMENT.—Payments under  
2           this subchapter may be made in advance of deter-  
3           mination of performance.”.

4           (e) PAYMENT LIMITATION.—Section 1234(f) of the  
5           Food Security Act of 1985 (16 U.S.C. 3834(f)) is amend-  
6           ed—

7           (1) in paragraph (1), by striking “, including  
8           rental payments made in the form of in-kind com-  
9           modities,”;

10          (2) by striking paragraph (3); and

11          (3) by redesignating paragraph (4) as para-  
12          graph (2).

13   **SEC. 2006. CONTRACT REQUIREMENTS.**

14          Section 1235(f) of the Food Security Act of 1985 (16  
15          U.S.C. 3835(f)) is amended—

16          (1) in paragraph (1)—

17                  (A) in the matter preceding subparagraph  
18                  (A), by striking “DUTIES” and all that follows  
19                  through “a beginning farmer” and inserting  
20                  “TRANSITION TO COVERED FARMER OR RANCH-  
21                  ER.—In the case of a contract modification ap-  
22                  proved in order to facilitate the transfer of land  
23                  subject to a contract from a retired farmer or  
24                  rancher to a beginning farmer”;

1 (B) in subparagraph (D), by striking “the  
2 farmer or rancher” and inserting “the covered  
3 farmer or rancher”; and

4 (C) in subparagraph (E), by striking “sec-  
5 tion 1001A(b)(3)(B)” and inserting “section  
6 1001”; and

7 (2) in paragraph (2), by striking “requirement  
8 of section 1231(h)(4)(B)” and inserting “option pro-  
9 vided under section 1234(c)(2)(A)(ii)”.

10 **SEC. 2007. CONVERSION OF LAND SUBJECT TO CONTRACT**  
11 **TO OTHER CONSERVING USES.**

12 Section 1235A of the Food Security Act of 1985 (16  
13 U.S.C. 3835a) is repealed.

14 **SEC. 2008. EFFECTIVE DATE.**

15 (a) IN GENERAL.—The amendments made by this  
16 title shall take effect on October 1, 2012, except, the  
17 amendment made by section 2001(d), which shall take ef-  
18 fect on the date of enactment of this Act.

19 (b) EFFECT ON EXISTING CONTRACTS.—

20 (1) IN GENERAL.—Except as provided in para-  
21 graph (2), the amendments made by this title shall  
22 not affect the validity or terms of any contract en-  
23 tered into by the Secretary of Agriculture under sub-  
24 chapter B of chapter 1 of subtitle D of title XII of  
25 the Food Security Act of 1985 (16 U.S.C. 3831 et

1 seq.) before October 1, 2012, or any payments re-  
2 quired to be made in connection with the contract.

3 (2) UPDATING OF EXISTING CONTRACTS.—The  
4 Secretary shall permit an owner or operator with a  
5 contract entered into under subchapter B of chapter  
6 1 of subtitle D of title XII of the Food Security Act  
7 of 1985 (16 U.S.C. 3831 et seq.) before October 1,  
8 2012, to update the contract to reflect the activities  
9 and uses of land under contract permitted under the  
10 terms and conditions of paragraphs (1) and (2) of  
11 section 1233(b) of that Act (as amended by section  
12 2004).

## 13 **Subtitle B—Conservation** 14 **Stewardship Program**

### 15 **SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.**

16 (a) REVISION OF CURRENT PROGRAM.—Subchapter  
17 B of chapter 2 of subtitle D of title XII of the Food Secu-  
18 rity Act of 1985 (16 U.S.C. 3838d et seq.) is amended  
19 to read as follows:

### 20 **“Subchapter B—Conservation Stewardship** 21 **Program**

#### 22 **“SEC. 1238D. DEFINITIONS.**

23 “In this subchapter:

1           “(1) AGRICULTURAL OPERATION.—The term  
2           ‘agricultural operation’ means all eligible land,  
3           whether or not contiguous, that is—

4                   “(A) under the effective control of a pro-  
5                   ducer at the time the producer enters into a  
6                   contract under the program; and

7                   “(B) operated with equipment, labor, man-  
8                   agement, and production or cultivation prac-  
9                   tices that are substantially separate from other  
10                  agricultural operations, as determined by the  
11                  Secretary.

12          “(2) CONSERVATION ACTIVITIES.—

13                  “(A) IN GENERAL.—The term ‘conserva-  
14                  tion activities’ means conservation systems,  
15                  practices, or management measures.

16                  “(B) INCLUSIONS.—The term ‘conserva-  
17                  tion activities’ includes—

18                          “(i) structural measures, vegetative  
19                          measures, and land management measures,  
20                          including agriculture drainage manage-  
21                          ment systems, as determined by the Sec-  
22                          retary; and

23                          “(ii) planning needed to address a pri-  
24                          ority resource concern.

1           “(3) CONSERVATION STEWARDSHIP PLAN.—

2           The term ‘conservation stewardship plan’ means a  
3           plan that—

4                   “(A) identifies and inventories priority re-  
5                   source concerns;

6                   “(B) establishes benchmark data and con-  
7                   servation objectives;

8                   “(C) describes conservation activities to be  
9                   implemented, managed, or improved; and

10                   “(D) includes a schedule and evaluation  
11                   plan for the planning, installation, and manage-  
12                   ment of the new and existing conservation ac-  
13                   tivities.

14           “(4) ELIGIBLE LAND.—

15                   “(A) IN GENERAL.—The term ‘eligible  
16                   land’ means—

17                           “(i) private and tribal land on which  
18                           agricultural commodities, livestock, or for-  
19                           est-related products are produced; and

20                           “(ii) land associated with the land de-  
21                           scribed in clause (i) on which priority re-  
22                           source concerns could be addressed  
23                           through a contract under the program.

24                   “(B) INCLUSIONS.—The term ‘eligible  
25                   land’ includes—

- 1 “(i) cropland;  
2 “(ii) grassland;  
3 “(iii) rangeland;  
4 “(iv) pastureland;  
5 “(v) nonindustrial private forest land;

6 and

- 7 “(vi) other agricultural land (includ-  
8 ing cropped woodland, marshes, and agri-  
9 cultural land used for the production of  
10 livestock), as determined by the Secretary.

11 “(5) PRIORITY RESOURCE CONCERN.—The  
12 term ‘priority resource concern’ means a natural re-  
13 source concern or problem, as determined by the  
14 Secretary, that—

15 “(A) is identified at the national, State or  
16 local level, as a priority for a particular area of  
17 the State;

18 “(B) represents a significant concern in a  
19 State or region; and

20 “(C) is likely to be addressed successfully  
21 through the implementation of conservation ac-  
22 tivities under this program.

23 “(6) PROGRAM.—The term ‘program’ means  
24 the conservation stewardship program established by  
25 this subchapter.

1           “(7) STEWARDSHIP THRESHOLD.—The term  
2           ‘stewardship threshold’ means the level of manage-  
3           ment required, as determined by the Secretary, to  
4           conserve and improve the quality and condition of a  
5           natural resource.

6   **“SEC. 1238E. CONSERVATION STEWARDSHIP PROGRAM.**

7           “(a) ESTABLISHMENT AND PURPOSE.—During each  
8           of fiscal years 2013 through 2017, the Secretary shall  
9           carry out a conservation stewardship program to encour-  
10          age producers to address priority resource concerns and  
11          improve and conserve the quality and condition of natural  
12          resources in a comprehensive manner—

13                  “(1) by undertaking additional conservation ac-  
14                  tivities; and

15                  “(2) by improving, maintaining, and managing  
16                  existing conservation activities.

17          “(b) EXCLUSIONS.—

18                  “(1) LAND ENROLLED IN OTHER CONSERVA-  
19                  TION PROGRAMS.—Subject to paragraph (2), the fol-  
20                  lowing land (even if covered by the definition of eli-  
21                  gible land) is not eligible for enrollment in the pro-  
22                  gram:

23                          “(A) Land enrolled in the conservation re-  
24                          serve program.

1           “(B) Land enrolled in the Agricultural  
2           Conservation Easement Program in a wetland  
3           easement.

4           “(C) Land enrolled in the conservation se-  
5           curity program.

6           “(2) CONVERSION TO CROPLAND.—Eligible  
7           land used for crop production after October 1, 2012,  
8           that had not been planted, considered to be planted,  
9           or devoted to crop production for at least 4 of the  
10          6 years preceding that date shall not be the basis for  
11          any payment under the program, unless the land  
12          does not meet the requirement because—

13               “(A) the land had previously been enrolled  
14               in the conservation reserve program;

15               “(B) the land has been maintained using  
16               long-term crop rotation practices, as determined  
17               by the Secretary; or

18               “(C) the land is incidental land needed for  
19               efficient operation of the farm or ranch, as de-  
20               termined by the Secretary.

21   **“SEC. 1238F. STEWARDSHIP CONTRACTS.**

22           “(a) SUBMISSION OF CONTRACT OFFERS.—To be eli-  
23           gible to participate in the conservation stewardship pro-  
24           gram, a producer shall submit a contract offer for the ag-  
25           ricultural operation that—

1           “(1) demonstrates to the satisfaction of the  
2 Secretary that the producer, at the time of the con-  
3 tract offer, is meeting the stewardship threshold for  
4 at least 2 priority resource concerns; and

5           “(2) would, at a minimum, meet or exceed the  
6 stewardship threshold for at least 1 additional pri-  
7 ority resource concern by the end of the stewardship  
8 contract by—

9           “(A) installing and adopting additional  
10 conservation activities; and

11           “(B) improving, maintaining, and man-  
12 aging existing conservation activities on the ag-  
13 ricultural operation in a manner that increases  
14 or extends the conservation benefits in place at  
15 the time the contract offer is accepted by the  
16 Secretary.

17           “(b) EVALUATION OF CONTRACT OFFERS.—

18           “(1) RANKING OF APPLICATIONS.—In evalu-  
19 ating contract offers the Secretary shall rank appli-  
20 cations based on—

21           “(A) the level of conservation treatment on  
22 all applicable priority resource concerns at the  
23 time of application;

1           “(B) the degree to which the proposed con-  
2           servation activities effectively increase conserva-  
3           tion performance;

4           “(C) the number of applicable priority re-  
5           source concerns proposed to be treated to meet  
6           or exceed the stewardship threshold by the end  
7           of the contract;

8           “(D) the extent to which other priority re-  
9           source concerns will be addressed to meet or ex-  
10          ceed the stewardship threshold by the end of  
11          the contract period;

12          “(E) the extent to which the actual and  
13          anticipated conservation benefits from the con-  
14          tract are provided at the least cost relative to  
15          other similarly beneficial contract offers; and

16          “(F) the extent to which priority resource  
17          concerns will be addressed when transitioning  
18          from the conservation reserve program to agri-  
19          cultural production.

20          “(2) PROHIBITION.—The Secretary may not as-  
21          sign a higher priority to any application because the  
22          applicant is willing to accept a lower payment than  
23          the applicant would otherwise be eligible to receive.

24          “(3) ADDITIONAL CRITERIA.—The Secretary  
25          may develop and use such additional criteria that

1 the Secretary determines are necessary to ensure  
2 that national, State, and local priority resource con-  
3 cerns are effectively addressed.

4 “(c) ENTERING INTO CONTRACTS.—After a deter-  
5 mination that a producer is eligible for the program under  
6 subsection (a), and a determination that the contract offer  
7 ranks sufficiently high under the evaluation criteria under  
8 subsection (b), the Secretary shall enter into a conserva-  
9 tion stewardship contract with the producer to enroll the  
10 eligible land to be covered by the contract.

11 “(d) CONTRACT PROVISIONS.—

12 “(1) TERM.—A conservation stewardship con-  
13 tract shall be for a term of 5 years.

14 “(2) REQUIRED PROVISIONS.—The conservation  
15 stewardship contract of a producer shall—

16 “(A) state the amount of the payment the  
17 Secretary agrees to make to the producer for  
18 each year of the conservation stewardship con-  
19 tract under section 1238G(d);

20 “(B) require the producer—

21 “(i) to implement a conservation stew-  
22 ardship plan that describes the program  
23 purposes to be achieved through 1 or more  
24 conservation activities;

1                   “(ii) to maintain and supply informa-  
2                   tion as required by the Secretary to deter-  
3                   mine compliance with the conservation  
4                   stewardship plan and any other require-  
5                   ments of the program; and

6                   “(iii) not to conduct any activities on  
7                   the agricultural operation that would tend  
8                   to defeat the purposes of the program;

9                   “(C) permit all economic uses of the eligi-  
10                  ble land that—

11                   “(i) maintain the agricultural nature  
12                   of the land; and

13                   “(ii) are consistent with the conserva-  
14                   tion purposes of the conservation steward-  
15                   ship contract;

16                   “(D) include a provision to ensure that a  
17                   producer shall not be considered in violation of  
18                   the contract for failure to comply with the con-  
19                   tract due to circumstances beyond the control  
20                   of the producer, including a disaster or related  
21                   condition, as determined by the Secretary;

22                   “(E) include provisions where upon the  
23                   violation of a term or condition of the contract  
24                   at any time the producer has control of the  
25                   land—

1           “(i) if the Secretary determines that  
2           the violation warrants termination of the  
3           contract—

4                   “(I) to forfeit all rights to receive  
5                   payments under the contract; and

6                   “(II) to refund all or a portion of  
7                   the payments received by the producer  
8                   under the contract, including any in-  
9                   terest on the payments, as determined  
10                  by the Secretary; or

11           “(ii) if the Secretary determines that  
12           the violation does not warrant termination  
13           of the contract, to refund or accept adjust-  
14           ments to the payments provided to the pro-  
15           ducer, as the Secretary determines to be  
16           appropriate;

17           “(F) include provisions in accordance with  
18           paragraphs (3) and (4) of this section; and

19           “(G) include any additional provisions the  
20           Secretary determines are necessary to carry out  
21           the program.

22           “(3) CHANGE OF INTEREST IN LAND SUBJECT  
23           TO A CONTRACT.—

24           “(A) IN GENERAL.—At the time of appli-  
25           cation, a producer shall have control of the eli-

1           gible land to be enrolled in the program. Except  
2           as provided in subparagraph (B), a change in  
3           the interest of a producer in eligible land cov-  
4           ered by a contract under the program shall re-  
5           sult in the termination of the contract with re-  
6           gard to that land.

7           “(B)   TRANSFER   OF   DUTIES   AND  
8           RIGHTS.—Subparagraph (A) shall not apply  
9           if—

10                   “(i) within a reasonable period of time  
11                   (as determined by the Secretary) after the  
12                   date of the change in the interest in all or  
13                   a portion of the land covered by a contract  
14                   under the program, the transferee of the  
15                   land provides written notice to the Sec-  
16                   retary that duties and rights under the  
17                   contract have been transferred to, and as-  
18                   sumed by, the transferee for the portion of  
19                   the land transferred;

20                   “(ii) the transferee meets the eligi-  
21                   bility requirements of the program; and

22                   “(iii) the Secretary approves the  
23                   transfer of all duties and rights under the  
24                   contract.

1           “(4) MODIFICATION AND TERMINATION OF  
2 CONTRACTS.—

3           “(A) VOLUNTARY MODIFICATION OR TER-  
4 MINATION.—The Secretary may modify or ter-  
5 minate a contract with a producer if—

6                   “(i) the producer agrees to the modi-  
7 fication or termination; and

8                   “(ii) the Secretary determines that  
9 the modification or termination is in the  
10 public interest.

11           “(B) INVOLUNTARY TERMINATION.—The  
12 Secretary may terminate a contract if the Sec-  
13 retary determines that the producer violated the  
14 contract.

15           “(5) REPAYMENT.—If a contract is terminated,  
16 the Secretary may, consistent with the purposes of  
17 the program—

18                   “(A) allow the producer to retain payments  
19 already received under the contract; or

20                   “(B) require repayment, in whole or in  
21 part, of payments received and assess liquidated  
22 damages.

23           “(e) CONTRACT RENEWAL.—At the end of the initial  
24 5-year contract period, the Secretary may allow the pro-

1 ducer to renew the contract for 1 additional 5-year period  
2 if the producer—

3 “(1) demonstrates compliance with the terms of  
4 the existing contract;

5 “(2) agrees to adopt and continue to integrate  
6 conservation activities across the entire agricultural  
7 operation as determined by the Secretary; and

8 “(3) agrees, at a minimum, to meet or exceed  
9 the stewardship threshold as at least 2 additional  
10 priority resource concerns on the agricultural oper-  
11 ation by the end of the contract period.

12 **“SEC. 1238G. DUTIES OF THE SECRETARY.**

13 “(a) IN GENERAL.—To achieve the conservation  
14 goals of a contract under the conservation stewardship  
15 program, the Secretary shall—

16 “(1) make the program available to eligible pro-  
17 ducers on a continuous enrollment basis with 1 or  
18 more ranking periods, 1 of which shall occur in the  
19 first quarter of each fiscal year;

20 “(2) identify not less than 5 priority resource  
21 concerns in a particular watershed or other appro-  
22 priate region or area within a State; and

23 “(3) establish a science-based stewardship  
24 threshold for each priority resource concern identi-  
25 fied under subparagraph (2).

1           “(b) ALLOCATION TO STATES.—The Secretary shall  
2 allocate acres to States for enrollment, based—

3           “(1) primarily on each State’s proportion of eli-  
4 gible land to the total acreage of eligible land in all  
5 States; and

6           “(2) also on consideration of—

7           “(A) the extent and magnitude of the con-  
8 servation needs associated with agricultural  
9 production in each State;

10           “(B) the degree to which implementation  
11 of the program in the State is, or will be, effec-  
12 tive in helping producers address those needs;  
13 and

14           “(C) other considerations to achieve equi-  
15 table geographic distribution of funds, as deter-  
16 mined by the Secretary.

17           “(c) ACREAGE ENROLLMENT LIMITATION.—During  
18 the period beginning on October 1, 2012, and ending on  
19 September 30, 2021, the Secretary shall, to the maximum  
20 extent practicable—

21           “(1) enroll in the program an additional  
22 10,348,000 acres for each fiscal year; and

23           “(2) manage the program to achieve a national  
24 average rate of \$18 per acre, which shall include the  
25 costs of all financial assistance, technical assistance,

1 and any other expenses associated with enrollment  
2 or participation in the program.

3 “(d) CONSERVATION STEWARDSHIP PAYMENTS.—

4 “(1) AVAILABILITY OF PAYMENTS.—The Sec-  
5 retary shall provide annual payments under the pro-  
6 gram to compensate the producer for—

7 “(A) installing and adopting additional  
8 conservation activities; and

9 “(B) improving, maintaining, and man-  
10 aging conservation activities in place at the op-  
11 eration of the producer at the time the contract  
12 offer is accepted by the Secretary.

13 “(2) PAYMENT AMOUNT.—The amount of the  
14 conservation stewardship annual payment shall be  
15 determined by the Secretary and based, to the max-  
16 imum extent practicable, on the following factors:

17 “(A) Costs incurred by the producer asso-  
18 ciated with planning, design, materials, installa-  
19 tion, labor, management, maintenance, or train-  
20 ing.

21 “(B) Income forgone by the producer.

22 “(C) Expected conservation benefits.

23 “(D) The extent to which priority resource  
24 concerns will be addressed through the installa-

1           tion and adoption of conservation activities on  
2           the agricultural operation.

3           “(E) The level of stewardship in place at  
4           the time of application and maintained over the  
5           term of the contract.

6           “(F) The degree to which the conservation  
7           activities will be integrated across the entire ag-  
8           ricultural operation for all applicable priority  
9           resource concerns over the term of the contract.

10          “(G) Such other factors as determined by  
11          the Secretary.

12          “(3) EXCLUSIONS.—A payment to a producer  
13          under this subsection shall not be provided for—

14                 “(A) the design, construction, or mainte-  
15                 nance of animal waste storage or treatment fa-  
16                 cilities or associated waste transport or transfer  
17                 devices for animal feeding operations; or

18                 “(B) conservation activities for which there  
19                 is no cost incurred or income forgone to the  
20                 producer.

21          “(4) DELIVERY OF PAYMENTS.—In making  
22          stewardship payments, the Secretary shall, to the ex-  
23          tent practicable—

24                 “(A) prorate conservation performance  
25                 over the term of the contract so as to accommo-

1 date, to the extent practicable, producers earn-  
2 ing equal annual stewardship payments in each  
3 fiscal year; and

4 “(B) make stewardship payments as soon  
5 as practicable after October 1 of each fiscal  
6 year for activities carried out in the previous  
7 fiscal year.

8 “(e) SUPPLEMENTAL PAYMENTS FOR RESOURCE-  
9 CONSERVING CROP ROTATIONS.—

10 “(1) AVAILABILITY OF PAYMENTS.—The Sec-  
11 retary shall provide additional payments to pro-  
12 ducers that, in participating in the program, agree  
13 to adopt resource-conserving crop rotations to  
14 achieve beneficial crop rotations as appropriate for  
15 the eligible land of the producers.

16 “(2) BENEFICIAL CROP ROTATIONS.—The Sec-  
17 retary shall determine whether a resource-conserving  
18 crop rotation is a beneficial crop rotation eligible for  
19 additional payments under paragraph (1), based on  
20 whether the resource-conserving crop rotation is de-  
21 signed to provide natural resource conservation and  
22 production benefits.

23 “(3) ELIGIBILITY.—To be eligible to receive a  
24 payment described in paragraph (1), a producer

1 shall agree to adopt and maintain the resource-con-  
2 serving crop rotations for the term of the contract.

3 “(4) RESOURCE-CONSERVING CROP ROTA-  
4 TION.—In this subsection, the term ‘resource-con-  
5 serving crop rotation’ means a crop rotation that—

6 “(A) includes at least 1 resource con-  
7 serving crop (as defined by the Secretary);

8 “(B) reduces erosion;

9 “(C) improves soil fertility and tilth;

10 “(D) interrupts pest cycles; and

11 “(E) in applicable areas, reduces depletion  
12 of soil moisture or otherwise reduces the need  
13 for irrigation.

14 “(f) PAYMENT LIMITATIONS.—A person or legal enti-  
15 ty may not receive, directly or indirectly, payments under  
16 the program that, in the aggregate, exceed \$200,000  
17 under all contracts entered into during fiscal years 2013  
18 through 2017, excluding funding arrangements with In-  
19 dian tribes, regardless of the number of contracts entered  
20 into under the program by the person or legal entity.

21 “(g) SPECIALTY CROP AND ORGANIC PRODUCERS.—  
22 The Secretary shall ensure that outreach and technical as-  
23 sistance are available, and program specifications are ap-  
24 propriate to enable specialty crop and organic producers  
25 to participate in the program.

1       “(h) COORDINATION WITH ORGANIC CERTIFI-  
2 CATION.—The Secretary shall establish a transparent  
3 means by which producers may initiate organic certifi-  
4 cation under the Organic Foods Production Act of 1990  
5 (7 U.S.C. 6501 et seq.) while participating in a contract  
6 under the program.

7       “(i) REGULATIONS.—The Secretary shall promulgate  
8 regulations that—

9               “(1) prescribe such other rules as the Secretary  
10 determines to be necessary to ensure a fair and rea-  
11 sonable application of the limitations established  
12 under subsection (f); and

13               “(2) otherwise enable the Secretary to carry out  
14 the program.”.

15       (b) EFFECTIVE DATE.—The amendment made by  
16 this section shall take effect on October 1, 2012.

17       (c) EFFECT ON EXISTING CONTRACTS.—

18               (1) IN GENERAL.—The amendment made by  
19 this section shall not affect the validity or terms of  
20 any contract entered into by the Secretary of Agri-  
21 culture under subchapter B of chapter 2 of subtitle  
22 D of title XII of the Food Security Act of 1985 (16  
23 U.S.C. 3838d et seq.) before October 1, 2012, or  
24 any payments required to be made in connection  
25 with the contract.

1           (2) CONSERVATION STEWARDSHIP PROGRAM.—  
2           Funds made available under section 1241(a)(4) of  
3           the Food Security Act of 1985 (16 U.S.C.  
4           3841(a)(4)) (as amended by section 2601(a)) may  
5           be used to administer and make payments to pro-  
6           gram participants enrolled into contracts during any  
7           of fiscal years 2009 through 2012.

8           **Subtitle C—Environmental Quality**  
9           **Incentives Program**

10          **SEC. 2201. PURPOSES.**

11          Section 1240 of the Food Security Act of 1985 (16  
12          U.S.C. 3839aa) is amended—

13                 (1) in paragraph (3)—

14                         (A) in subparagraph (A), by striking  
15                         “and” at the end;

16                         (B) by redesignating subparagraph (B) as  
17                         subparagraph (C) and, in such subparagraph,  
18                         by inserting “and” after the semicolon; and

19                         (C) by inserting after subparagraph (A)  
20                         the following:

21                                 “(B) develop and improve wildlife habitat;  
22                                 and”;

23                 (2) in paragraph (4), by striking “; and” and  
24                 inserting a period; and

25                 (3) by striking paragraph (5).

1 **SEC. 2202. DEFINITIONS.**

2 Section 1240A of the Food Security Act of 1985 (16  
3 U.S.C. 3839aa-1) is amended—

4 (1) by striking paragraph (2) and redesignating  
5 paragraphs (3) through (6) as paragraphs (2)  
6 through (5), respectively; and

7 (2) in paragraph (2) (as so redesignated), by  
8 inserting “established under the Organic Foods Pro-  
9 duction Act of 1990 (7 U.S.C. 6501 et seq.)” after  
10 “national organic program”.

11 **SEC. 2203. ESTABLISHMENT AND ADMINISTRATION.**

12 Section 1240B of the Food Security Act of 1985 (16  
13 U.S.C. 3839aa-2) is amended—

14 (1) in subsection (a), by striking “2014” and  
15 inserting “2017”;

16 (2) in subsection (b), by striking paragraph (2)  
17 and inserting the following:

18 “(2) TERM.—A contract under the program  
19 shall have a term that does not exceed 10 years.”;

20 (3) in subsection (d)—

21 (A) in paragraph (3), by striking subpara-  
22 graphs (A) through (G) and inserting the fol-  
23 lowing:

24 “(A) soil health;

25 “(B) water quality and quantity improve-  
26 ment;

1 “(C) nutrient management;

2 “(D) pest management;

3 “(E) air quality improvement;

4 “(F) wildlife habitat development, includ-  
5 ing pollinator habitat;

6 “(G) invasive species management; or

7 “(H) other resource issues of regional or  
8 national significance, as determined by the Sec-  
9 retary.”; and

10 (B) in paragraph (4)—

11 (i) in subparagraph (A) in the matter  
12 preceding clause (i), by inserting “, veteran  
13 farmer or rancher (as defined in section  
14 2501(e) of the Food, Agriculture, Con-  
15 servation, and Trade Act of 1990 (7  
16 U.S.C. 2279(e)),” before “or a beginning  
17 farmer or rancher”; and

18 (ii) by striking subparagraph (B) and  
19 inserting the following:

20 “(B) ADVANCE PAYMENTS.—

21 “(i) IN GENERAL.—Not more than 30  
22 percent of the amount determined under  
23 subparagraph (A) may be provided in ad-  
24 vance for the purpose of purchasing mate-  
25 rials or contracting.

1                   “(ii) RETURN OF FUNDS.—If funds  
2                   provided in advance are not expended dur-  
3                   ing the 90-day period beginning on the  
4                   date of receipt of the funds, the funds shall  
5                   be returned within a reasonable time  
6                   frame, as determined by the Secretary.”;

7                   (4) by striking subsection (f) and inserting the  
8                   following:

9                   “(f) ALLOCATION OF FUNDING.—

10                   “(1) LIVESTOCK.—For each of fiscal years  
11                   2013 through 2017, at least 60 percent of the funds  
12                   made available for payments under the program  
13                   shall be targeted at practices relating to livestock  
14                   production.

15                   “(2) WILDLIFE HABITAT.—For each of fiscal  
16                   years 2013 through 2017, at least 5 percent of the  
17                   funds made available for payments under the pro-  
18                   gram shall be targeted at practices benefitting wild-  
19                   life habitat under subsection (g).”; and

20                   (5) by striking subsection (g) and inserting the  
21                   following:

22                   “(g) WILDLIFE HABITAT INCENTIVE PRACTICE.—

23                   The Secretary shall provide payments under the program  
24                   for conservation practices that support the restoration, de-

1 velopment, and improvement of wildlife habitat on eligible  
2 land, including—

3 “(1) upland wildlife habitat;

4 “(2) wetland wildlife habitat;

5 “(3) habitat for threatened and endangered  
6 species;

7 “(4) fish habitat;

8 “(5) habitat on pivot corners and other irreg-  
9 ular areas of a field; and

10 “(6) other types of wildlife habitat, as deter-  
11 mined by the Secretary.”.

12 **SEC. 2204. EVALUATION OF APPLICATIONS.**

13 Section 1240C(b) of the Food Security Act of 1985  
14 (16 U.S.C. 3839aa–3(b)) is amended—

15 (1) in paragraph (1), by striking “environ-  
16 mental” and inserting “conservation”; and

17 (2) in paragraph (3), by striking “purpose of  
18 the environmental quality incentives program speci-  
19 fied in section 1240(1)” and inserting “purposes of  
20 the program”.

21 **SEC. 2205. DUTIES OF PRODUCERS.**

22 Section 1240D(2) of the Food Security Act of 1985  
23 (16 U.S.C. 3839aa–4(2)) is amended by striking “farm,  
24 ranch, or forest” and inserting “enrolled”.

1 **SEC. 2206. LIMITATION ON PAYMENTS.**

2 Section 1240G of the Food Security Act of 1985 (16  
3 U.S.C. 3839aa-7) is amended—

4 (1) in subsection (a)—

5 (A) by striking “by the person or entity  
6 during any six-year period,” and inserting  
7 “during fiscal years 2013 through 2017”; and

8 (B) by striking “federally recognized” and  
9 all that follows through the period and inserting  
10 “Indian tribes under section 1244(l).”; and

11 (2) in subsection (b)(2), by striking “any six-  
12 year period” and inserting “fiscal years 2013  
13 through 2017”.

14 **SEC. 2207. CONSERVATION INNOVATION GRANTS AND PAY-**  
15 **MENTS.**

16 Section 1240H of the Food Security Act of 1985 (16  
17 U.S.C. 3839aa-8) is amended by striking subsection (b)  
18 and inserting the following:

19 “(b) **REPORTING.**—Not later than December 31,  
20 2013, and every 2 years thereafter, the Secretary shall  
21 submit to the Committee on Agriculture, Nutrition, and  
22 Forestry of the Senate and the Committee on Agriculture  
23 of the House of Representatives a report on the status  
24 of projects funded under this section, including—

25 “(1) funding awarded;

26 “(2) project results; and

1           “(3) incorporation of project findings, such as  
2           new technology and innovative approaches, into the  
3           conservation efforts implemented by the Secretary.”.

4 **SEC. 2208. EFFECTIVE DATE.**

5           (a) IN GENERAL.—The amendments made by this  
6 title shall take effect on October 1, 2012.

7           (b) EFFECT ON EXISTING CONTRACTS.—The amend-  
8 ments made by this title shall not affect the validity or  
9 terms of any contract entered into by the Secretary of Ag-  
10 riculture under chapter 4 of subtitle D of title XII of the  
11 Food Security Act of 1985 (16 U.S.C. 3839aa et seq.)  
12 before October 1, 2012, or any payments required to be  
13 made in connection with the contract.

14           **Subtitle D—Agricultural**  
15           **Conservation Easement Program**

16 **SEC. 2301. AGRICULTURAL CONSERVATION EASEMENT**  
17           **PROGRAM.**

18           (a) ESTABLISHMENT.—Title XII of the Food Secu-  
19 rity Act of 1985 is amended by adding at the end the fol-  
20 lowing:

21           **“Subtitle H—Agricultural**  
22           **Conservation Easement Program**

23 **“SEC. 1265. ESTABLISHMENT AND PURPOSES.**

24           “(a) ESTABLISHMENT.—The Secretary shall estab-  
25 lish an Agricultural Conservation Easement Program for

1 the conservation of eligible land and natural resources  
2 through easements or other interests in land.

3 “(b) PURPOSES.—The purposes of the program are  
4 to—

5 “(1) combine the purposes and coordinate the  
6 functions of the wetlands reserve program estab-  
7 lished under section 1237, the grassland reserve pro-  
8 gram established under section 1238N, and the  
9 farmland protection program established under sec-  
10 tion 1238I;

11 “(2) restore, protect, and enhance wetland on  
12 eligible land;

13 “(3) protect the agricultural use, viability, and  
14 related conservation values of eligible land by lim-  
15 iting nonagricultural uses of that land; and

16 “(4) protect grazing uses and related conserva-  
17 tion values by restoring and conserving eligible land.

18 **“SEC. 1265A. DEFINITIONS.**

19 “In this subtitle:

20 “(1) AGRICULTURAL LAND EASEMENT.—The  
21 term ‘agricultural land easement’ means an ease-  
22 ment or other interest in eligible land that—

23 “(A) is conveyed for the purposes of pro-  
24 tecting natural resources and the agricultural

1 nature of the land, and of promoting agricul-  
2 tural viability for future generations; and

3 “(B) permits the landowner the right to  
4 continue agricultural production and related  
5 uses subject to an agricultural land easement  
6 plan.

7 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
8 tity’ means—

9 “(A) an agency of State or local govern-  
10 ment or an Indian tribe (including farmland  
11 protection board or land resource council estab-  
12 lished under State law); or

13 “(B) an organization that is—

14 “(i) organized for, and at all times  
15 since the formation of the organization has  
16 been operated principally for, 1 or more of  
17 the conservation purposes specified in  
18 clause (i), (ii), (iii), or (iv) of section  
19 170(h)(4)(A) of the Internal Revenue Code  
20 of 1986;

21 “(ii) an organization described in sec-  
22 tion 501(c)(3) of that Code that is exempt  
23 from taxation under section 501(a) of that  
24 Code; or

25 “(iii) described in—

1                   “(I) paragraph (1) or (2) of sec-  
2                   tion 509(a) of that Code; or

3                   “(II) section 509(a)(3) of that  
4                   Code and is controlled by an organiza-  
5                   tion described in section 509(a)(2) of  
6                   that Code.

7                   “(3) ELIGIBLE LAND.—The term ‘eligible land’  
8                   means private or tribal land that is—

9                   “(A) in the case of an agricultural land  
10                  easement, agricultural land, including land on a  
11                  farm or ranch—

12                  “(i) that is subject to a pending offer  
13                  for purchase from an eligible entity;

14                  “(ii) that—

15                         “(I) has prime, unique, or other  
16                         productive soil;

17                         “(II) contains historical or ar-  
18                         chaeological resources; or

19                         “(III) the protection of which will  
20                         further a State or local policy con-  
21                         sistent with the purposes of the pro-  
22                         gram; and

23                  “(iii) that is—

24                         “(I) cropland;

25                         “(II) rangeland;

1                   “(III) grassland or land that con-  
2                   tains forbs, or shrubland for which  
3                   grazing is the predominant use;

4                   “(IV) pastureland; or

5                   “(V) nonindustrial private forest  
6                   land that contributes to the economic  
7                   viability of an offered parcel or serves  
8                   as a buffer to protect such land from  
9                   development;

10                  “(B) in the case of a wetland easement, a  
11                  wetland or related area, including—

12                   “(i) farmed or converted wetland, to-  
13                   gether with the adjacent land that is func-  
14                   tionally dependent on that land if the Sec-  
15                   retary determines it—

16                   “(I) is likely to be successfully  
17                   restored in a cost effective manner;  
18                   and

19                   “(II) will maximize the wildlife  
20                   benefits and wetland functions and  
21                   values as determined by the Secretary  
22                   in consultation with the Secretary of  
23                   the Interior at the local level;

24                   “(ii) cropland or grassland that was  
25                   used for agricultural production prior to

1 flooding from the natural overflow of a  
2 closed basin lake or pothole, as determined  
3 by the Secretary, together (where prac-  
4 ticable) with the adjacent land that is  
5 functionally dependent on the cropland or  
6 grassland;

7 “(iii) farmed wetland and adjoining  
8 land that—

9 “(I) is enrolled in the conserva-  
10 tion reserve program;

11 “(II) has the highest wetland  
12 functions and values; and

13 “(III) is likely to return to pro-  
14 duction after the land leaves the con-  
15 servation reserve program;

16 “(iv) riparian areas that link wetland  
17 that is protected by easements or some  
18 other device that achieves the same pur-  
19 pose as an easement; or

20 “(v) other wetland of an owner that  
21 would not otherwise be eligible if the Sec-  
22 retary determines that the inclusion of  
23 such wetland in such easement would sig-  
24 nificantly add to the functional value of the  
25 easement; and

1           “(C) in the case of both an agricultural  
2           land easement or wetland easement, other land  
3           that is incidental to eligible land if the Sec-  
4           retary determines that it is necessary for the ef-  
5           ficient administration of the easements under  
6           this program.

7           “(4) PROGRAM.—The term ‘program’ means  
8           the Agricultural Conservation Easement Program  
9           established by this subtitle.

10           “(5) WETLAND EASEMENT.—The term ‘wetland  
11           easement’ means a reserved interest in eligible land  
12           that—

13                   “(A) is defined and delineated in a deed;  
14           and

15                   “(B) stipulates—

16                           “(i) the rights, title, and interests in  
17                           land conveyed to the Secretary; and

18                           “(ii) the rights, title, and interests in  
19                           land that are reserved to the landowner.

20   **“SEC. 1265B. AGRICULTURAL LAND EASEMENTS.**

21           “(a) AVAILABILITY OF ASSISTANCE.—The Secretary  
22           shall facilitate and provide funding for—

23                   “(1) the purchase of agricultural land ease-  
24                   ments and other interests in eligible land; and

1           “(2) technical assistance to provide for the con-  
2           servation of natural resources pursuant to an agri-  
3           cultural land easement plan.

4           “(b) COST-SHARE ASSISTANCE.—

5           “(1) IN GENERAL.—The Secretary shall provide  
6           cost-share assistance to eligible entities for pur-  
7           chasing agricultural land easements to protect the  
8           agricultural use, including grazing, and related con-  
9           servation values of eligible land.

10          “(2) SCOPE OF ASSISTANCE AVAILABLE.—

11           “(A) FEDERAL SHARE.—Subject to sub-  
12           paragraph (C), an agreement described in para-  
13           graph (4) shall provide for a Federal share de-  
14           termined by the Secretary of an amount not to  
15           exceed 50 percent of the fair market value of  
16           the agricultural land easement or other interest  
17           in land, as determined by the Secretary using—

18                   “(i) the Uniform Standards of Profes-  
19                   sional Appraisal Practices;

20                   “(ii) an area-wide market analysis or  
21                   survey; or

22                   “(iii) another industry approved meth-  
23                   od.

24          “(B) NON-FEDERAL SHARE.—

1                   “(i) IN GENERAL.—Subject to sub-  
2                   paragraph (C), under the agreement, the  
3                   eligible entity shall provide a share that is  
4                   at least equivalent to that provided by the  
5                   Secretary.

6                   “(ii) SOURCE OF CONTRIBUTION.—An  
7                   eligible entity may include as part of its  
8                   share a charitable donation or qualified  
9                   conservation contribution (as defined by  
10                  section 170(h) of the Internal Revenue  
11                  Code of 1986) from the private landowner  
12                  if the eligible entity contributes its own  
13                  cash resources in an amount that is at  
14                  least 50 percent of the amount contributed  
15                  by the Secretary.

16                  “(C) WAIVER AUTHORITY.—In the case of  
17                  grassland of special environmental significance,  
18                  as determined by the Secretary, the Secretary  
19                  may provide up to 75 percent of the fair market  
20                  value of the agricultural land easement.

21                  “(3) EVALUATION AND RANKING OF APPLICA-  
22                  TIONS.—

23                  “(A) CRITERIA.—The Secretary shall es-  
24                  tablish evaluation and ranking criteria to maxi-

1           mize the benefit of Federal investment under  
2           the program.

3           “(B) CONSIDERATIONS.—In establishing  
4           the criteria, the Secretary shall emphasize sup-  
5           port for—

6                   “(i) protecting agricultural uses and  
7                   related conservation values of the land; and

8                   “(ii) maximizing the protection of con-  
9                   tiguous acres devoted to agricultural use.

10           “(C) BIDDING DOWN.—If the Secretary  
11           determines that 2 or more applications for cost-  
12           share assistance are comparable in achieving  
13           the purpose of the program, the Secretary shall  
14           not assign a higher priority to any of those ap-  
15           plications solely on the basis of lesser cost to  
16           the program.

17           “(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

18                   “(A) IN GENERAL.—The Secretary shall  
19                   enter into agreements with eligible entities to  
20                   stipulate the terms and conditions under which  
21                   the eligible entity is permitted to use cost-share  
22                   assistance provided under this section.

23                   “(B) LENGTH OF AGREEMENTS.—An  
24                   agreement shall be for a term that is—

1                   “(i) in the case of an eligible entity  
2                   certified under the process described in  
3                   paragraph (5), a minimum of 5 years; and

4                   “(ii) for all other eligible entities, at  
5                   least 3, but not more than 5 years.

6                   “(C) MINIMUM TERMS AND CONDITIONS.—

7                   An eligible entity shall be authorized to use its  
8                   own terms and conditions for agricultural land  
9                   easements so long as the Secretary determines  
10                  such terms and conditions—

11                  “(i) are consistent with the purposes  
12                  of the program;

13                  “(ii) are permanent or for the max-  
14                  imum duration allowed under applicable  
15                  State law;

16                  “(iii) permit effective enforcement of  
17                  the conservation purposes of such ease-  
18                  ments, including appropriate restrictions  
19                  depending on the purposes for which the  
20                  easement is acquired;

21                  “(iv) include a right of enforcement  
22                  for the Secretary;

23                  “(v) subject the land purchased to an  
24                  agricultural land easement plan that—

1                   “(I) describes the activities which  
2                   promote the long-term viability of the  
3                   land to meet the purposes for which  
4                   the easement was acquired;

5                   “(II) requires the management of  
6                   grassland according to a grassland  
7                   management plan; and

8                   “(III) includes a conservation  
9                   plan, where appropriate, and requires,  
10                  at the option of the Secretary, the  
11                  conversion of highly erodible cropland  
12                  to less intensive uses; and

13                  “(vi) include a limit on the impervious  
14                  surfaces to be allowed that is consistent  
15                  with the agricultural activities to be con-  
16                  ducted.

17                  “(D) SUBSTITUTION OF QUALIFIED  
18                  PROJECTS.—An agreement shall allow, upon  
19                  mutual agreement of the parties, substitution of  
20                  qualified projects that are identified at the time  
21                  of the proposed substitution.

22                  “(E) EFFECT OF VIOLATION.—If a viola-  
23                  tion occurs of a term or condition of an agree-  
24                  ment under this subsection—

1           “(i) the agreement may be termi-  
2           nated; and

3           “(ii) the Secretary may require the el-  
4           igible entity to refund all or part of any  
5           payments received by the entity under the  
6           program, with interest on the payments as  
7           determined appropriate by the Secretary.

8           “(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

9           “(A) CERTIFICATION PROCESS.—The Sec-  
10          retary shall establish a process under which the  
11          Secretary may—

12           “(i) directly certify eligible entities  
13           that meet established criteria;

14           “(ii) enter into long-term agreements  
15           with certified eligible entities; and

16           “(iii) accept proposals for cost-share  
17           assistance for the purchase of agricultural  
18           land easements throughout the duration of  
19           such agreements.

20           “(B) CERTIFICATION CRITERIA.—In order  
21          to be certified, an eligible entity shall dem-  
22          onstrate to the Secretary that the entity will  
23          maintain, at a minimum, for the duration of the  
24          agreement—

1           “(i) a plan for administering ease-  
2           ments that is consistent with the purpose  
3           of this subtitle;

4           “(ii) the capacity and resources to  
5           monitor and enforce agricultural land ease-  
6           ments; and

7           “(iii) policies and procedures to en-  
8           sure—

9                   “(I) the long-term integrity of  
10                  agricultural land easements on eligible  
11                  land;

12                   “(II) timely completion of acqui-  
13                  sitions of easements; and

14                   “(III) timely and complete eval-  
15                  uation and reporting to the Secretary  
16                  on the use of funds provided under  
17                  the program.

18           “(C) REVIEW AND REVISION.—

19                   “(i) REVIEW.—The Secretary shall  
20                  conduct a review of eligible entities cer-  
21                  tified under subparagraph (A) every 3  
22                  years to ensure that such entities are  
23                  meeting the criteria established under sub-  
24                  paragraph (B).

1                   “(ii) REVOCATION.—If the Secretary  
2                   finds that the certified entity no longer  
3                   meets the criteria established under sub-  
4                   paragraph (B), the Secretary may—

5                               “(I) allow the certified entity a  
6                               specified period of time, at a min-  
7                               imum 180 days, in which to take such  
8                               actions as may be necessary to meet  
9                               the criteria; and

10                              “(II) revoke the certification of  
11                              the entity, if after the specified period  
12                              of time, the certified entity does not  
13                              meet such criteria.

14                   “(c) TECHNICAL ASSISTANCE.—The Secretary may  
15                   provide technical assistance, if requested, to assist in—

16                              “(1) compliance with the terms and conditions  
17                              of easements; and

18                              “(2) implementation of an agricultural land  
19                              easement plan.

20                   **“SEC. 1265C. WETLAND EASEMENTS.**

21                   “(a) AVAILABILITY OF ASSISTANCE.—The Secretary  
22                   shall provide assistance to owners of eligible land to re-  
23                   store, protect, and enhance wetland through—

24                              “(1) easements and related wetland easement  
25                              plans; and

1           “(2) technical assistance.

2           “(b) EASEMENTS.—

3           “(1) METHOD OF ENROLLMENT.—The Sec-  
4           retary shall enroll eligible land through the use of—

5                   “(A) 30-year easements;

6                   “(B) permanent easements;

7                   “(C) easements for the maximum duration  
8           allowed under applicable State laws; or

9                   “(D) as an option for Indian tribes only,  
10           30-year contracts.

11           “(2) LIMITATIONS.—

12                   “(A) INELIGIBLE LAND.—The Secretary  
13           may not acquire easements on—

14                           “(i) land established to trees under  
15           the conservation reserve program, except in  
16           cases where the Secretary determines it  
17           would further the purposes of the program;  
18           and

19                           “(ii) farmed wetland or converted wet-  
20           land where the conversion was not com-  
21           menced prior to December 23, 1985.

22                   “(B) CHANGES IN OWNERSHIP.—No ease-  
23           ment shall be created on land that has changed  
24           ownership during the preceding 24-month pe-  
25           riod unless—

1                   “(i) the new ownership was acquired  
2                   by will or succession as a result of the  
3                   death of the previous owner;

4                   “(ii)(I) the ownership change occurred  
5                   because of foreclosure on the land; and

6                   “(II) immediately before the fore-  
7                   closure, the owner of the land exercises a  
8                   right of redemption from the mortgage  
9                   holder in accordance with State law; or

10                  “(iii) the Secretary determines that  
11                  the land was acquired under circumstances  
12                  that give adequate assurances that such  
13                  land was not acquired for the purposes of  
14                  placing it in the program.

15                  “(3) EVALUATION AND RANKING OF OFFERS.—

16                  “(A) CRITERIA.—The Secretary shall es-  
17                  tablish evaluation and ranking criteria to maxi-  
18                  mize the benefit of Federal investment under  
19                  the program.

20                  “(B) CONSIDERATIONS.—When evaluating  
21                  offers from landowners, the Secretary may con-  
22                  sider—

23                  “(i) the conservation benefits of ob-  
24                  taining an easement or 30-year contract,  
25                  including the potential environmental bene-

1 fits if the land was removed from agricul-  
2 tural production;

3 “(ii) the cost-effectiveness of each  
4 easement or 30-year contract, so as to  
5 maximize the environmental benefits per  
6 dollar expended;

7 “(iii) whether the landowner or an-  
8 other person is offering to contribute fi-  
9 nancially to the cost of the easement or  
10 30-year contract to leverage Federal funds;  
11 and

12 “(iv) such other factors as the Sec-  
13 retary determines are necessary to carry  
14 out the purposes of the program.

15 “(C) PRIORITY.—The Secretary shall place  
16 priority on acquiring easements based on the  
17 value of the easement for protecting and en-  
18 hancing habitat for migratory birds and other  
19 wildlife.

20 “(4) AGREEMENT.—To be eligible to place eligi-  
21 ble land into the program through a wetland ease-  
22 ment, the owner of such land shall enter into an  
23 agreement with the Secretary to—

24 “(A) grant an easement on such land to  
25 the Secretary;

1           “(B) authorize the implementation of a  
2 wetland easement plan;

3           “(C) create and record an appropriate  
4 deed restriction in accordance with applicable  
5 State law to reflect the easement agreed to;

6           “(D) provide a written statement of con-  
7 sent to such easement signed by those holding  
8 a security interest in the land;

9           “(E) comply with the terms and conditions  
10 of the easement and any related agreements;  
11 and

12           “(F) permanently retire any existing crop-  
13 land base and allotment history for the land on  
14 which the easement has been obtained.

15           “(5) TERMS AND CONDITIONS OF EASEMENT.—

16           “(A) IN GENERAL.—A wetland easement  
17 shall include terms and conditions that—

18           “(i) permit—

19           “(I) repairs, improvements, and  
20 inspections on the land that are nec-  
21 essary to maintain existing public  
22 drainage systems; and

23           “(II) owners to control public ac-  
24 cess on the easement areas while iden-  
25 tifying access routes to be used for

1 restoration activities and management  
2 and easement monitoring;

3 “(ii) prohibit—

4 “(I) the alteration of wildlife  
5 habitat and other natural features of  
6 such land, unless specifically author-  
7 ized by the Secretary;

8 “(II) the spraying of such land  
9 with chemicals or the mowing of such  
10 land, except where such spraying or  
11 mowing is authorized by the Secretary  
12 or is necessary—

13 “(aa) to comply with Fed-  
14 eral or State noxious weed con-  
15 trol laws;

16 “(bb) to comply with a Fed-  
17 eral or State emergency pest  
18 treatment program; or

19 “(cc) to meet habitat needs  
20 of specific wildlife species;

21 “(III) any activities to be carried  
22 out on the owner’s or successor’s land  
23 that is immediately adjacent to, and  
24 functionally related to, the land that  
25 is subject to the easement if such ac-

1                   activities will alter, degrade, or other-  
2                   wise diminish the functional value of  
3                   the eligible land; and

4                   “(IV) the adoption of any other  
5                   practice that would tend to defeat the  
6                   purposes of the program, as deter-  
7                   mined by the Secretary;

8                   “(iii) provide for the efficient and ef-  
9                   fective establishment of wetland functions  
10                  and values; and

11                  “(iv) include such additional provi-  
12                  sions as the Secretary determines are de-  
13                  sirable to carry out the program or facili-  
14                  tate the practical administration thereof.

15                  “(B) VIOLATION.—On the violation of the  
16                  terms or conditions of the easement, the ease-  
17                  ment shall remain in force and the Secretary  
18                  may require the owner to refund all or part of  
19                  any payments received by the owner under the  
20                  program, together with interest thereon as de-  
21                  termined appropriate by the Secretary.

22                  “(C) COMPATIBLE USES.—Land subject to  
23                  a wetland easement may be used for compatible  
24                  economic uses, including such activities as  
25                  hunting and fishing, managed timber harvest,

1 or periodic haying or grazing, if such use is spe-  
2 cifically permitted by the wetland easement plan  
3 and is consistent with the long-term protection  
4 and enhancement of the wetland resources for  
5 which the easement was established.

6 “(D) RESERVATION OF GRAZING  
7 RIGHTS.—The Secretary may include in the  
8 terms and conditions of an easement a provi-  
9 sion under which the owner reserves grazing  
10 rights if—

11 “(i) the Secretary determines that the  
12 reservation and use of the grazing rights—

13 “(I) is compatible with the land  
14 subject to the easement;

15 “(II) is consistent with the his-  
16 torical natural uses of the land and  
17 long-term protection and enhancement  
18 goals for which the easement was es-  
19 tablished; and

20 “(III) complies with the wetland  
21 easement plan; and

22 “(ii) the agreement provides for a  
23 commensurate reduction in the easement  
24 payment to account for the grazing value,  
25 as determined by the Secretary.

1           “(E) APPLICATION.—The relevant provi-  
2           sions of this paragraph shall also apply to a 30-  
3           year contract.

4           “(6) COMPENSATION.—

5           “(A) DETERMINATION.—

6           “(i) IN GENERAL.—The Secretary  
7           shall pay as compensation for a permanent  
8           easement acquired an amount necessary to  
9           encourage enrollment in the program based  
10          on the lowest of—

11                   “(I) the fair market value of the  
12                   land, as determined by the Secretary,  
13                   using the Uniform Standards of Pro-  
14                   fessional Appraisal Practices or an  
15                   area-wide market analysis or survey;

16                   “(II) the amount corresponding  
17                   to a geographical cap, as determined  
18                   by the Secretary in regulations; or

19                   “(III) the offer made by the  
20                   landowner.

21           “(ii) OTHER.—Compensation for a  
22           30-year contract or 30-year easement shall  
23           be not less than 50 percent, but not more  
24           than 75 percent, of the compensation that  
25           would be paid for a permanent easement.

1           “(B) FORM OF PAYMENT.—Compensation  
2           shall be provided by the Secretary in the form  
3           of a cash payment, in an amount determined  
4           under subparagraph (A).

5           “(C) PAYMENT SCHEDULE.—

6                   “(i) EASEMENTS VALUED AT LESS  
7                   THAN \$500,000.—For easements valued at  
8                   \$500,000 or less, the Secretary may pro-  
9                   vide easement payments in not more than  
10                  10 annual payments.

11                   “(ii) EASEMENTS VALUED AT MORE  
12                   THAN \$500,000.—For easements valued at  
13                   more than \$500,000, the Secretary may  
14                   provide easement payments in at least 5,  
15                   but not more than 10 annual payments,  
16                   except that, if the Secretary determines it  
17                   would further the purposes of the program,  
18                   the Secretary may make a lump sum pay-  
19                   ment for such an easement.

20           “(c) EASEMENT RESTORATION.—

21                   “(1) IN GENERAL.—The Secretary shall provide  
22                   financial assistance to carry out the establishment of  
23                   conservation measures and practices and protect  
24                   wetland functions and values, including necessary

1 maintenance activities, as set forth in a wetland  
2 easement plan.

3 “(2) PAYMENTS.—The Secretary shall—

4 “(A) in the case of a permanent easement,  
5 pay an amount that is not less than 75 percent,  
6 but not more than 100 percent, of the eligible  
7 costs; and

8 “(B) in the case of a 30-year contract or  
9 30-year easement, pay an amount that is not  
10 less than 50 percent, but not more than 75 per-  
11 cent, of the eligible costs.

12 “(d) TECHNICAL ASSISTANCE.—

13 “(1) IN GENERAL.—The Secretary shall assist  
14 owners in complying with the terms and conditions  
15 of easements and 30-year contracts.

16 “(2) CONTRACTS OR AGREEMENTS.—The Sec-  
17 retary may enter into 1 or more contracts with pri-  
18 vate entities or agreements with a State, non-govern-  
19 mental organization, or Indian tribe to carry out  
20 necessary restoration, enhancement or maintenance  
21 of an easement if the Secretary determines that the  
22 contract or agreement will advance the purposes of  
23 the program.

24 “(e) WETLAND ENHANCEMENT OPTION.—The Sec-  
25 retary may enter into 1 or more agreements with a State

1 (including a political subdivision or agency of a State),  
2 nongovernmental organization, or Indian tribe to carry out  
3 a special wetland enhancement option that the Secretary  
4 determines would advance the purposes of the program.

5 “(f) ADMINISTRATION.—

6 “(1) WETLAND EASEMENT PLAN.—The Sec-  
7 retary shall develop a wetland easement plan for eli-  
8 gible land subject to a wetland easement, which will  
9 include the practices and activities necessary to re-  
10 store, protect, enhance, and maintain the enrolled  
11 land.

12 “(2) DELEGATION OF EASEMENT ADMINISTRA-  
13 TION.—

14 “(A) IN GENERAL.—The Secretary may  
15 delegate any of the easement management,  
16 monitoring, and enforcement responsibilities of  
17 the Secretary to other Federal or State agencies  
18 that have the appropriate authority, expertise  
19 and resources necessary to carry out such dele-  
20 gated responsibilities or to other conservation  
21 organizations if the Secretary determines the  
22 organization has similar expertise and re-  
23 sources.

24 “(B) LIMITATION.—The Secretary shall  
25 not delegate any of the monitoring or enforce-

1           ment responsibilities under the program to con-  
2           servation organizations.

3           “(3) PAYMENTS.—

4                 “(A) TIMING OF PAYMENTS.—The Sec-  
5           retary shall provide payment for obligations in-  
6           curred by the Secretary under this section—

7                 “(i) with respect to any easement res-  
8           toration obligation as soon as possible after  
9           the obligation is incurred; and

10                “(ii) with respect to any annual ease-  
11           ment payment obligation incurred by the  
12           Secretary as soon as possible after October  
13           1 of each calendar year.

14                “(B) PAYMENTS TO OTHERS.—If an owner  
15           who is entitled to a payment dies, becomes in-  
16           competent, is otherwise unable to receive such  
17           payment, or is succeeded by another person or  
18           entity who renders or completes the required  
19           performance, the Secretary shall make such  
20           payment, in accordance with regulations pre-  
21           scribed by the Secretary and without regard to  
22           any other provision of law, in such manner as  
23           the Secretary determines is fair and reasonable  
24           in light of all of the circumstances.

1 **“SEC. 1265D. ADMINISTRATION.**

2 “(a) INELIGIBLE LAND.—The Secretary may not ac-  
3 quire an easement under the program on—

4 “(1) land owned by an agency of the United  
5 States, other than land held in trust for Indian  
6 tribes;

7 “(2) land owned in fee title by a State, includ-  
8 ing an agency or a subdivision of a State, or a unit  
9 of local government;

10 “(3) land subject to an easement or deed re-  
11 striction which, as determined by the Secretary, pro-  
12 vides similar protection as would be provided by en-  
13 rollment in the program; and

14 “(4) land where the purposes of the program  
15 would be undermined due to on-site or off-site condi-  
16 tions, such as risk of hazardous substances, pro-  
17 posed or existing rights of way, infrastructure devel-  
18 opment, or adjacent land uses.

19 “(b) PRIORITY.—In evaluating applications under the  
20 program, the Secretary may give priority to land that is  
21 currently enrolled in the conservation reserve program in  
22 a contract that is set to expire within 1 year and—

23 “(1) in the case of an agricultural land ease-  
24 ment, is grassland that would benefit from protec-  
25 tion under a long-term easement; and

1           “(2) in the case of a wetland easement, is a  
2 wetland or related area with the highest functions  
3 and value and is likely to return to production after  
4 the land leaves the conservation reserve program.

5           “(c) SUBORDINATION, EXCHANGE, MODIFICATION,  
6 AND TERMINATION.—

7           “(1) IN GENERAL.—The Secretary may subor-  
8 dinate, exchange, terminate, or modify any interest  
9 in land, or portion of such interest, administered by  
10 the Secretary, either directly or on behalf of the  
11 Commodity Credit Corporation under the program  
12 when the Secretary determines that—

13           “(A) it is in the Federal Government’s in-  
14 terest to subordinate, exchange, modify or ter-  
15 minate the interest in land;

16           “(B) the subordination, exchange, modi-  
17 fication, or termination action—

18           “(i) will address a compelling public  
19 need for which there is no practicable al-  
20 ternative, or

21           “(ii) such action will further the prac-  
22 tical administration of the program; and

23           “(C) the subordination, exchange, modi-  
24 fication, or termination action will result in

1           comparable conservation value and equivalent  
2           or greater economic value to the United States.

3           “(2) CONSULTATION.—The Secretary shall  
4           work with the current owner, and eligible entity if  
5           applicable, to address any subordination, exchange,  
6           termination, or modification of the interest, or por-  
7           tion of such interest in land.

8           “(3) NOTICE.—At least 90 days before taking  
9           any termination action described in paragraph (1),  
10          the Secretary shall provide written notice of such ac-  
11          tion to the Committee on Agriculture of the House  
12          of Representatives and the Committee on Agri-  
13          culture, Nutrition, and Forestry of the Senate.

14          “(d) LAND ENROLLED IN OTHER PROGRAMS.—

15                 “(1) CONSERVATION RESERVE PROGRAM.—The  
16                 Secretary may terminate or modify an existing con-  
17                 tract entered into under section 1231(a) if eligible  
18                 land that is subject to such contract is transferred  
19                 into the program.

20                 “(2) OTHER.—Land enrolled in the wetlands  
21                 reserve program, grassland reserve program, or  
22                 farmland protection program shall be considered en-  
23                 rolled in this program.

24          “(e) ALLOCATION OF FUNDS FOR AGRICULTURAL  
25          LAND EASEMENTS.—Of the funds made available under

1 section 1241 to carry out the program for a fiscal year,  
2 the Secretary shall, to the extent practicable, use no less  
3 than 40 percent for agricultural land easements.”.

4 (b) CROSS REFERENCE.—Section 1244 of the Food  
5 Security Act of 1985 (16 U.S.C. 3844) is amended—

6 (1) in subsection (c)—

7 (A) in paragraph (1)—

8 (i) by inserting “and” at the end of  
9 subparagraph (A);

10 (ii) by striking “and” at the end of  
11 subparagraph (B); and

12 (iii) by striking subparagraph (C);

13 (B) by redesignating paragraph (2) as  
14 paragraph (3); and

15 (C) by inserting after paragraph (1) the  
16 following:

17 “(2) the Agricultural Conservation Easement  
18 Program established under subtitle H; and”; and

19 (2) in subsection (f)—

20 (A) in paragraph (1)—

21 (i) in subparagraph (A), by striking  
22 “programs administered under subchapters  
23 B and C of chapter 1 of subtitle D” and  
24 inserting “conservation reserve program  
25 established under subchapter B of chapter

1 1 of subtitle D and the Agricultural Con-  
2 servation Easement Program under sub-  
3 title H using wetland easements under sec-  
4 tion 1265C”; and

5 (ii) in subparagraph (B), by striking  
6 “subchapter C of chapter 1 of subtitle D”  
7 and inserting “the Agricultural Conserva-  
8 tion Easement Program under subtitle H  
9 using wetland easements under section  
10 1265C”; and

11 (B) in paragraph (4), by striking “sub-  
12 chapter C” and inserting “subchapter B”.

13 (c) EFFECTIVE DATE.—The amendments made by  
14 this section shall take effect on October 1, 2012.

15 **Subtitle E—Regional Conservation**  
16 **Partnership Program**

17 **SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP PRO-**  
18 **GRAM.**

19 (a) IN GENERAL.—Title XII of the Food Security  
20 Act of 1985 is amended by inserting after subtitle H (as  
21 added by section 2301) the following:

1 **“Subtitle I—Regional Conservation**  
2 **Partnership Program**

3 **“SEC. 1271. ESTABLISHMENT AND PURPOSES.**

4 “(a) ESTABLISHMENT.—The Secretary shall estab-  
5 lish a Regional Conservation Partnership Program to im-  
6 plement eligible activities through—

7 “(1) partnership agreements with eligible part-  
8 ners; and

9 “(2) contracts with producers.

10 “(b) PURPOSES.—The purposes of the program  
11 are—

12 “(1) to combine the purposes and coordinate  
13 the functions of—

14 “(A) the agricultural water enhancement  
15 program established under section 1240I;

16 “(B) the Chesapeake Bay watershed pro-  
17 gram established under section 1240Q;

18 “(C) the cooperative conservation partner-  
19 ship initiative established under section 1243;  
20 and

21 “(D) the Great Lakes basin program for  
22 soil erosion and sediment control established  
23 under section 1240P;.

24 “(2) to further the conservation, restoration,  
25 and sustainable use of soil, water, wildlife, and re-

1       lated natural resources on a regional or watershed  
2       scale; and

3           “(3) to encourage partners to cooperate with  
4       producers in—

5           “(A) meeting or avoiding the need for na-  
6       tional, State, and local natural resource regu-  
7       latory requirements related to production; and

8           “(B) implementing projects that will result  
9       in the installation and maintenance of eligible  
10       activities that affect multiple agricultural or  
11       nonindustrial private forest operations on a  
12       local, regional, State, or multi-State basis.

13   **“SEC. 1271A. DEFINITIONS.**

14       “In this subtitle:

15           “(1) COVERED PROGRAMS.—The term ‘covered  
16       programs’ means—

17           “(A) the agricultural conservation ease-  
18       ment program;

19           “(B) the environmental quality incentives  
20       program; and

21           “(C) the conservation stewardship pro-  
22       gram.

23           “(2) ELIGIBLE ACTIVITY.—The term ‘eligible  
24       activity’ means any of the following conservation ac-  
25       tivities when delivered through a covered program:

1           “(A) Water quality restoration or enhance-  
2           ment projects, including nutrient management  
3           and sediment reduction.

4           “(B) Water quantity conservation, restora-  
5           tion, or enhancement projects relating to sur-  
6           face water and groundwater resources, includ-  
7           ing—

8                   “(i) the conversion of irrigated crop-  
9                   land to the production of less water-inten-  
10                  sive agricultural commodities or dryland  
11                  farming; and

12                   “(ii) irrigation system improvement  
13                  and irrigation efficiency enhancement.

14           “(C) Drought mitigation.

15           “(D) Flood prevention.

16           “(E) Water retention.

17           “(F) Habitat conservation, restoration,  
18           and enhancement.

19           “(G) Erosion control.

20           “(H) Other related activities that the Sec-  
21           retary determines will help achieve conservation  
22           benefits.

23           “(3) ELIGIBLE PARTNER.—The term ‘eligible  
24           partner’ means any of the following:

1           “(A) An agricultural or silvicultural pro-  
2           ducer association or other group of producers.

3           “(B) A State or unit of local government.

4           “(C) An Indian tribe.

5           “(D) A farmer cooperative.

6           “(E) An institution of higher education.

7           “(F) An organization with an established  
8           history of working cooperatively with producers  
9           on agricultural land, as determined by the Sec-  
10          retary, to address—

11           “(i) local conservation priorities re-  
12           lated to agricultural production, wildlife  
13           habitat development, and nonindustrial pri-  
14           vate forest land management; or

15           “(ii) critical watershed-scale soil ero-  
16           sion, water quality, or sediment reduction,  
17           or other natural resource concerns.

18          “(4) PARTNERSHIP AGREEMENT.—The term  
19          ‘partnership agreement’ means an agreement be-  
20          tween the Secretary and an eligible partner.

21          “(5) PROGRAM.—The term ‘program’ means  
22          the Regional Conservation Partnership Program es-  
23          tablished by this subtitle.

1 **“SEC. 1271B. REGIONAL CONSERVATION PARTNERSHIPS.**

2 “(a) PARTNERSHIP AGREEMENTS AUTHORIZED.—

3 The Secretary may enter into a partnership agreement  
4 with an eligible partner to implement a project that will  
5 assist producers with installing and maintaining an eligi-  
6 ble activity.

7 “(b) LENGTH.—A partnership agreement shall be for  
8 a period not to exceed 5 years, except that the Secretary  
9 may extend the agreement 1 time for up to 12 months  
10 when an extension is necessary to meet the objectives of  
11 the program.

12 “(c) DUTIES OF PARTNERS.—

13 “(1) IN GENERAL.—Under a partnership agree-  
14 ment, the eligible partner shall—

15 “(A) define the scope of a project, includ-  
16 ing—

17 “(i) the eligible activities to be imple-  
18 mented;

19 “(ii) the potential agricultural or non-  
20 industrial private forest operations af-  
21 fected;

22 “(iii) the local, State, multi-State or  
23 other geographic area covered; and

24 “(iv) the planning, outreach, imple-  
25 mentation and assessment to be conducted;

1           “(B) conduct outreach and education to  
2           producers for potential participation in the  
3           project;

4           “(C) at the request of a producer, act on  
5           behalf of a producer participating in the project  
6           in applying for assistance under section 1271C;

7           “(D) leverage financial or technical assist-  
8           ance provided by the Secretary with additional  
9           funds to help achieve the project objectives;

10          “(E) conduct an assessment of the  
11          project’s effects; and

12          “(F) at the conclusion of the project, re-  
13          port to the Secretary on its results and funds  
14          leveraged.

15          “(2) CONTRIBUTION.—A partner shall provide  
16          a significant portion of the overall costs of the scope  
17          of the project as determined by the Secretary.

18          “(d) APPLICATIONS.—

19                 “(1) COMPETITIVE PROCESS.—The Secretary  
20                 shall conduct a competitive process to select applica-  
21                 tions for partnership agreements and may assess  
22                 and rank applications with similar conservation pur-  
23                 poses as a group.

24                 “(2) CRITERIA USED.—In carrying out the  
25                 process described in paragraph (1), the Secretary

1 shall make public the criteria used in evaluating ap-  
2 plications.

3 “(3) CONTENT.—An application to the Sec-  
4 retary shall include a description of—

5 “(A) the scope of the project as described  
6 in subsection (c)(1)(A);

7 “(B) the plan for monitoring, evaluating,  
8 and reporting on progress made towards achiev-  
9 ing the project’s objectives;

10 “(C) the program resources requested for  
11 the project, including the covered programs to  
12 be used and estimated funding needed from the  
13 Secretary;

14 “(D) the partners collaborating to achieve  
15 project objectives, including their roles, respon-  
16 sibilities, capabilities, and financial contribu-  
17 tion; and

18 “(E) any other elements the Secretary con-  
19 siders necessary to adequately evaluate and  
20 competitively select applications for funding  
21 under the program.

22 “(4) PRIORITY TO CERTAIN APPLICATIONS.—  
23 The Secretary may give a higher priority to applica-  
24 tions that—

1           “(A) have a high percentage of producers  
2           in the area to be covered by the agreement;

3           “(B) assist producers in meeting or avoid-  
4           ing the need for a natural resource regulatory  
5           requirement;

6           “(C) significantly leverage non-Federal fi-  
7           nancial and technical resources and coordinate  
8           with other local, State, regional, or national ef-  
9           forts;

10          “(D) deliver high percentages of applied  
11          conservation to address conservation priorities  
12          or local, State, regional, or national conserva-  
13          tion initiatives;

14          “(E) provide innovation in conservation  
15          methods and delivery, including outcome-based  
16          performance measures and methods; or

17          “(F) meet other factors that are important  
18          for achieving the purposes of the program, as  
19          determined by the Secretary.

20 **“SEC. 1271C. ASSISTANCE TO PRODUCERS.**

21          “(a) IN GENERAL.—The Secretary shall enter into  
22          contracts to provide financial and technical assistance  
23          to—

24                 “(1) producers participating in a project with  
25                 an eligible partner as described in section 1271B; or

1           “(2) producers that fit within the scope of a  
2 project described in section 1271B or a critical con-  
3 servation area described in section 1271F, but who  
4 are seeking to implement an eligible activity inde-  
5 pendent of a partner.

6           “(b) TERMS AND CONDITIONS.—

7           “(1) CONSISTENCY WITH PROGRAM RULES.—  
8 Except as provided in paragraph (2), the Secretary  
9 shall ensure that the terms and conditions of a con-  
10 tract under this section are consistent with the ap-  
11 plicable rules of the covered programs to be used as  
12 part of the project, as described in the application  
13 under section 1271B(d)(3)(C).

14           “(2) ADJUSTMENTS.—Except for statutory pro-  
15 gram requirements governing appeals, payment limi-  
16 tations, and conservation compliance, the Secretary  
17 may adjust the discretionary program rules of a cov-  
18 ered program—

19           “(A) to provide a simplified application  
20 and evaluation process; and

21           “(B) to better reflect unique local cir-  
22 cumstances and purposes if the Secretary deter-  
23 mines such adjustments are necessary to  
24 achieve the purposes of the program.

1           “(3) ALTERNATIVE FUNDING ARRANGE-  
2           MENTS.—

3           “(A) IN GENERAL.—For the purposes of  
4           land described in subsection (a) and section  
5           1271F, the Secretary may enter into alternative  
6           funding arrangements with a multistate water  
7           resource agency or authority if—

8                   “(i) the Secretary determines that the  
9                   goals and objectives of the program will be  
10                  met by the alternative funding arrange-  
11                  ments;

12                   “(ii) the agency or authority certifies  
13                  that the limitations established under this  
14                  section on agreements with individual pro-  
15                  ducers will not be exceeded; and

16                   “(iii) all participating producers meet  
17                  applicable payment eligibility provisions.

18           “(B) CONDITIONS.—As a condition on re-  
19           ceipt of funding under subparagraph (A), the  
20           multistate water resource agency or authority  
21           shall agree—

22                   “(i) to submit an annual independent  
23                  audit to the Secretary that describes the  
24                  use of funds under this paragraph;

1                   “(ii) to provide any data necessary for  
2                   the Secretary to issue a report on the use  
3                   of funds under this paragraph; and

4                   “(iii) not to use any funds for admin-  
5                   istration or contracting with another enti-  
6                   ty.

7                   “(C) LIMITATION.—The Secretary may  
8                   enter into not more than 10 agreements under  
9                   this paragraph.

10                  “(c) PAYMENTS.—

11                   “(1) IN GENERAL.—In accordance with statu-  
12                   tory requirements of the covered programs involved,  
13                   the Secretary may make payments to a producer in  
14                   an amount determined by the Secretary to be nec-  
15                   essary to achieve the purposes of the program.

16                   “(2) PAYMENTS TO PRODUCERS IN STATES  
17                   WITH WATER QUANTITY CONCERNS.—The Secretary  
18                   may provide payments to producers participating in  
19                   a project that addresses water quantity concerns for  
20                   a period of 5 years in an amount sufficient to en-  
21                   courage conversion from irrigated farming to  
22                   dryland farming.

23                   “(3) WAIVER AUTHORITY.—To assist in the im-  
24                   plementation of the program, the Secretary may  
25                   waive the applicability of the limitation in section

1       1001D(b)(2)(B) of this Act for participating pro-  
2       ducers if the Secretary determines that the waiver is  
3       necessary to fulfill the objectives of the program.

4       **“SEC. 1271D. FUNDING.**

5       “(a) AVAILABILITY OF FUNDS.—The Secretary shall  
6       use \$100,000,000 of the funds of the Commodity Credit  
7       Corporation for each of fiscal years 2013 through 2017  
8       to carry out the program established under this subtitle.

9       “(b) DURATION OF AVAILABILITY.—Funds made  
10      available under subsection (a) shall remain available until  
11      expended.

12      “(c) ADDITIONAL FUNDING AND ACRES.—

13           “(1) IN GENERAL.—In addition to the funds  
14      made available under subsection (a), the Secretary  
15      shall reserve 6 percent of the funds and acres made  
16      available for a covered program for each of fiscal  
17      years 2013 through 2017 in order to ensure addi-  
18      tional resources are available to carry out this pro-  
19      gram.

20           “(2) UNUSED FUNDS AND ACRES.—Any funds  
21      or acres reserved under paragraph (1) for a fiscal  
22      year from a covered program that are not obligated  
23      under this program by April 1 of that fiscal year  
24      shall be returned for use under the covered program.

1       “(d) ALLOCATION OF FUNDING.—Of the funds and  
2 acres made available for the program under subsections  
3 (a) and (c), the Secretary shall allocate—

4           “(1) 25 percent of the funds and acres to  
5 projects based on a State competitive process admin-  
6 istered by the State conservationist, with the advice  
7 of the State technical committee;

8           “(2) 50 percent of the funds and acres to  
9 projects based on a national competitive process to  
10 be established by the Secretary; and

11           “(3) 25 percent of the funds and acres to  
12 projects for the critical conservation areas described  
13 in section 1271F.

14       “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—  
15 None of the funds made available under the program may  
16 be used to pay for the administrative expenses of partners.

17 **“SEC. 1271E. ADMINISTRATION.**

18       “(a) DISCLOSURE.—In addition to the criteria used  
19 in evaluating applications as described in section  
20 1271B(d)(2), the Secretary shall make publicly available  
21 information on projects selected through the competitive  
22 process described in section 1271B(d)(1).

23       “(b) REPORTING.—Not later than December 31,  
24 2013, and for every 2 years thereafter, the Secretary shall  
25 submit to the Committee on Agriculture of the House of

1 Representatives and the Committee on Agriculture, Nutri-  
2 tion, and Forestry of the Senate a report on the status  
3 of projects funded under the program, including—

4 “(1) the number and types of partners and pro-  
5 ducers participating in the partnership agreements  
6 selected;

7 “(2) the number of producers receiving assist-  
8 ance;

9 “(3) total funding committed to projects, in-  
10 cluding Federal and non-Federal resources; and

11 “(4) a description of how the funds under sec-  
12 tion 1271C(b)(3) are being administered, includ-  
13 ing—

14 “(A) any oversight mechanisms that the  
15 Secretary has implemented;

16 “(B) the process through which the Sec-  
17 retary is resolving appeals by program partici-  
18 pants; and

19 “(C) the means by which the Secretary is  
20 tracking adherence to any applicable provisions  
21 for payment eligibility.

22 **“SEC. 1271F. CRITICAL CONSERVATION AREAS.**

23 “(a) IN GENERAL.—When administering the funding  
24 described in section 1271D(d)(3), the Secretary shall se-

1 lect applications for partnership agreements and producer  
2 contracts within designated critical conservation areas.

3 “(b) CRITICAL CONSERVATION AREA DESIGNA-  
4 TIONS.—In designating geographical areas as critical con-  
5 servation areas under this section, the Secretary may give  
6 priority to not more than 8 areas based on the degree to  
7 which an area—

8 “(1) includes multiple States with significant  
9 agricultural production;

10 “(2) is covered by an existing regional, State,  
11 binational, or multistate agreement or plan that has  
12 established objectives, goals and work plans and is  
13 adopted by a Federal, State, or regional authority;

14 “(3) has water quality concerns, including con-  
15 cerns for reducing erosion, promoting sediment con-  
16 trol, and addressing nutrient management activities  
17 affecting large bodies of water of regional, national,  
18 or international significance;

19 “(4) has water quantity concerns, including—

20 “(A) concerns for groundwater, surface  
21 water, aquifer, or other water sources; or

22 “(B) a need to promote water retention  
23 and flood prevention; or

1           “(5) will be subject to regulatory requirements  
2           that could reduce the economic scope of agricultural  
3           operations within the area.

4           “(c) ADMINISTRATION.—

5           “(1) IN GENERAL.—Except as provided in para-  
6           graph (2), the Secretary shall administer any part-  
7           nership agreement or producer contract under this  
8           section in a manner that is consistent with the terms  
9           of the program.

10          “(2) RELATIONSHIP TO EXISTING ACTIVITY.—

11          The Secretary shall, to the maximum extent prac-  
12          ticable, ensure that eligible activities carried out in  
13          critical conservation areas designated under this sec-  
14          tion complement and are consistent with other Fed-  
15          eral and State programs and water quality and  
16          quantity strategies.”.

17          (b) EFFECTIVE DATE.—The amendment made by  
18          this section shall take effect on October 1, 2012.

## 19           **Subtitle F—Other Conservation** 20           **Programs**

### 21           **SEC. 2501. CONSERVATION OF PRIVATE GRAZING LAND.**

22           Section 1240M(e) of the Food Security Act of 1985  
23           (16 U.S.C. 3839bb(e)) is amended inserting “and  
24           \$30,000,000 for each of fiscal years 2013 through 2017”  
25           before the period at the end.

1 **SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION**  
2 **PROGRAM.**

3 Section 1240O(b) of the Food Security Act of 1985  
4 (16 U.S.C. 3839bb–2(b)) is amended by inserting “and  
5 \$15,000,000 for each of fiscal years 2013 through 2017”  
6 before the period at the end.

7 **SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**  
8 **CENTIVE PROGRAM.**

9 (a) **FUNDING.**—Section 1240R(f) of the Food Secu-  
10 rity Act of 1985 (16 U.S.C. 3839bb–5(f)) is amended by  
11 inserting “and \$40,000,000 for the period of fiscal years  
12 2013 through 2017” before the period at the end .

13 (b) **REPORT ON PROGRAM EFFECTIVENESS.**—Not  
14 later than 2 years after the date of enactment of this Act,  
15 the Secretary of Agriculture shall submit to the Com-  
16 mittee on Agriculture of the House of Representatives and  
17 the Committee on Agriculture, Nutrition, and Forestry of  
18 the Senate a report evaluating the effectiveness of the vol-  
19 untary public access and habitat incentive program estab-  
20 lished by section 1240R of the Food Security Act of 1985  
21 (16 U.S.C. 3839bb–5), including—

22 (1) identifying cooperating agencies;

23 (2) identifying the number of land holdings and  
24 total acres enrolled by State;

1           (3) evaluating the extent of improved access on  
2 eligible land, improved wildlife habitat, and related  
3 economic benefits; and

4           (4) any other relevant information and data re-  
5 lating to the program that would be helpful to such  
6 Committees.

7           (c) **EFFECTIVE DATE.**—The amendment made by  
8 this section shall take effect on October 1, 2012.

9   **SEC. 2504. AGRICULTURE CONSERVATION EXPERIENCED**  
10                                   **SERVICES PROGRAM.**

11           (a) **FUNDING.**—Section 1252 of the Food Security  
12 Act of 1985 (16 U.S.C. 3851) is amended by striking sub-  
13 section (c) and inserting the following:

14           “(c) **FUNDING.**—

15                   “(1) **IN GENERAL.**—The Secretary may carry  
16 out the ACES program using funds made available  
17 to carry out each program under this title.

18                   “(2) **EXCLUSION.**—Funds made available to  
19 carry out the conservation reserve program may not  
20 be used to carry out the ACES program.”.

21           (b) **EFFECTIVE DATE.**—The amendment made by  
22 this section shall take effect on October 1, 2012.

1 **SEC. 2505. SMALL WATERSHED REHABILITATION PRO-**  
2 **GRAM.**

3 Section 14(h)(2)(E) of the Watershed Protection and  
4 Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is  
5 amended by striking “2012” and inserting “2017”.

6 **SEC. 2506. TERMINAL LAKES ASSISTANCE.**

7 Section 2507 of the Food, Security, and Rural Invest-  
8 ment Act of 2002 (43 U.S.C. 2211 note; 116 Stat. 275)  
9 is amended to read as follows:

10 **“SEC. 2507. TERMINAL LAKES ASSISTANCE.**

11 “(a) DEFINITIONS.—In this section:

12 “(1) ELIGIBLE LAND.—The term ‘eligible land’  
13 means privately owned agricultural land (including  
14 land in which a State has a property interest as a  
15 result of state water law)—

16 “(A) that a landowner voluntarily agrees to  
17 sell to a State; and

18 “(B) which—

19 “(i)(I) is ineligible for entry into the  
20 wetlands easement program established  
21 under the Agricultural Conservation Ease-  
22 ment Program under subtitle H of the  
23 Food Security Act of 1985;

24 “(II) is flooded to—

25 “(aa) an average depth of at  
26 least 6.5 feet; or

1                   “(bb) a level below which the  
2                   State determines the management of  
3                   the water level is beyond the control  
4                   of the State or landowner; or

5                   “(III) is inaccessible for agricultural  
6                   use due to the flooding of adjoining prop-  
7                   erty (such as islands of agricultural land  
8                   created by flooding);

9                   “(ii) is located within a watershed  
10                  with water rights available for lease or  
11                  purchase; and

12                  “(iii) has been used during at least 5  
13                  of the immediately preceding 30 years—

14                         “(I) to produce crops or hay; or

15                         “(II) as livestock pasture or  
16                         grazing.

17                  “(2) PROGRAM.—The term ‘program’ means  
18                  the voluntary land purchase program established  
19                  under this section.

20                  “(3) TERMINAL LAKE.—The term ‘terminal  
21                  lake’ means a lake and its associated riparian and  
22                  watershed resources that is—

23                         “(A) considered flooded because there is no  
24                         natural outlet for water accumulating in the  
25                         lake or the associated riparian area such that

1 the watershed and surrounding land is consist-  
2 ently flooded; or

3 “(B) considered at risk because it is lo-  
4 cated in a region that has insufficient water  
5 available to meet the needs of general uses and  
6 water rights.

7 “(b) ASSISTANCE.—The Secretary shall—

8 “(1) provide grants for the purchase of eligible  
9 land impacted by a terminal lake; and

10 “(2) assist the Secretary of the Interior with  
11 providing water assistance.

12 “(c) LAND PURCHASE GRANTS.—

13 “(1) IN GENERAL.—The Secretary shall make  
14 available land purchase grants to States for the pur-  
15 chase of eligible land in accordance with this sub-  
16 section.

17 “(2) IMPLEMENTATION.—

18 “(A) AMOUNT.—A land purchase grant  
19 shall be in an amount not to exceed the lesser  
20 of—

21 “(i) 50 percent of the total purchase  
22 price per acre of the eligible land; or

23 “(ii)(I) in the case of eligible land  
24 that was used to produce crops or hay,  
25 \$400 per acre; and

1                   “(II) in the case of eligible land that  
2                   was pasture or grazing land, \$200 per  
3                   acre.

4                   “(B) DETERMINATION OF PURCHASE  
5                   PRICE.—A State purchasing eligible land with a  
6                   land purchase grant shall ensure, to the max-  
7                   imum extent practicable, that the purchase  
8                   price of such land reflects the value, if any, of  
9                   other encumbrances on the eligible land to be  
10                  purchased, including easements and mineral  
11                  rights.

12                  “(C) COST-SHARE REQUIRED.—To be eligi-  
13                  ble to receive a land purchase grant, a State  
14                  shall provide matching non-Federal funds in an  
15                  amount equal to 50 percent of the amount de-  
16                  scribed in subparagraph (A), including addi-  
17                  tional non-Federal funds.

18                  “(D) CONDITIONS.—To receive a land pur-  
19                  chase grant, a State shall agree—

20                         “(i) to ensure that any eligible land  
21                         purchased is—

22                                 “(I) conveyed in fee simple to the  
23                                 State; and

1                   “(II) free from mortgages or  
2                   other liens at the time title is trans-  
3                   ferred;

4                   “(ii) to maintain ownership of the eli-  
5                   gible land in perpetuity;

6                   “(iii) to pay (from funds other than  
7                   grant dollars awarded) any costs associ-  
8                   ated with the purchase of eligible land  
9                   under this section, including surveys and  
10                  legal fees; and

11                  “(iv) to keep eligible land in a con-  
12                  serving use, as defined by the Secretary.

13                  “(E) LOSS OF FEDERAL BENEFITS.—Eligi-  
14                  ble land purchased with a grant under this sec-  
15                  tion shall lose eligibility for any benefits under  
16                  other Federal programs, including—

17                  “(i) benefits under title XII of the  
18                  Food Security Act of 1985 (16 U.S.C.  
19                  3801 et seq.);

20                  “(ii) benefits under the Federal Crop  
21                  Insurance Act (7 U.S.C. 1501 et seq.); and

22                  “(iii) covered benefits described in  
23                  section 1001D(b) of the Food Security Act  
24                  of 1985 (7 U.S.C. 1308–3a).

1           “(F) PROHIBITION.—Any Federal rights  
2           or benefits associated with eligible land prior to  
3           purchase by a State may not be transferred to  
4           any other land or person in anticipation of or  
5           as a result of such purchase.

6           “(d) WATER ASSISTANCE.—

7           “(1) IN GENERAL.—The Secretary of the Inte-  
8           rior, acting through the Commissioner of Reclama-  
9           tion, may use the funds described in subsection  
10          (e)(2) to provide water to a terminal lake through  
11          willing sellers or willing participants only—

12                  “(A) to lease water;

13                  “(B) to purchase land, water appurtenant  
14                  to the land, and related interests; and

15                  “(C) to carry out research, support and  
16                  conservation activities for fish, wildlife, plant,  
17                  and habitat resources.”

18          “(2) EXCLUSIONS.—The Secretary of the Inte-  
19          rior may not use this subsection to deliver assistance  
20          to the Great Salt Lake in Utah, lakes that are con-  
21          sidered dry lakes, or lakes with water quality impair-  
22          ment resulting in absence of fisheries, as determined  
23          by the Secretary as of the date of enactment of the  
24          Agriculture Reform, Food, and Jobs Act of 2012.

25          “(e) FUNDING.—

1           “(1) AUTHORIZATION OF APPROPRIATIONS.—  
2           There is authorized to be appropriated to the Sec-  
3           retary to carry out subsection (c) \$25,000,000, to  
4           remain available until expended.

5           “(2) COMMODITY CREDIT CORPORATION.—The  
6           Secretary shall transfer to the Bureau of Reclama-  
7           tion Water and Related Resources Account  
8           \$150,000,000 from the funds of the Commodity  
9           Credit Corporation to carry out subsection (d).”.

10                           **Subtitle G—Funding and**  
11                           **Administration**

12   **SEC. 2601. FUNDING.**

13           (a) IN GENERAL.—Section 1241 of the Food Security  
14   Act of 1985 (16 U.S.C. 3841) is amended by striking sub-  
15   section (a) and inserting the following:

16           “(a) ANNUAL FUNDING.—For each of fiscal years  
17   2013 through 2017, the Secretary shall use the funds, fa-  
18   cilities, and authorities of the Commodity Credit Corpora-  
19   tion to carry out the following programs under this title  
20   (including the provision of technical assistance):

21           “(1) The conservation reserve program under  
22   subchapter B of chapter 1 of subtitle D, including,  
23   to the maximum extent practicable—

24           “(A) \$10,000,000 for the period of fiscal  
25   years 2013 through 2017 to provide payments

1 under paragraph (3) of section 1234(b) in con-  
2 nection with thinning activities conducted on  
3 land described in subparagraph (B)(iii) of that  
4 paragraph; and

5 “(B) \$50,000,000 for the period of fiscal  
6 years 2013 through 2017 to carry out section  
7 1235(f) to facilitate the transfer of land subject  
8 to contracts from retired or retiring owners and  
9 operators to beginning farmers or ranchers and  
10 socially disadvantaged farmers or ranchers.

11 “(2) The Agricultural Conservation Easement  
12 Program under subtitle H using to the maximum ex-  
13 tent practicable—

14 “(A) \$450,000,000 for fiscal year 2013;

15 “(B) \$475,000,000 for fiscal year 2014;

16 “(C) \$500,000,000 for fiscal year 2015;

17 “(D) \$525,000,000 for fiscal year 2016;

18 and

19 “(E) \$250,000,000 for fiscal year 2017.

20 “(3) The conservation security program under  
21 subchapter A of chapter 2 of subtitle D, using such  
22 sums as are necessary to administer contracts en-  
23 tered into before September 30, 2008.

24 “(4) The conservation stewardship program  
25 under subchapter B of chapter 2 of subtitle D.

1           “(5) The environmental quality incentives pro-  
2           gram under chapter 4 of subtitle D, using, to the  
3           maximum extent practicable—

4                   “(A) \$1,500,000,000 for fiscal year 2013;

5                   “(B) \$1,600,000,000 for fiscal year 2014;

6           and

7                   “(C) \$1,650,000,000 for each of fiscal  
8           years 2015 through 2017.”.

9           (b) GUARANTEED AVAILABILITY OF FUNDS.—Sec-  
10          tion 1241 of the Food Security Act of 1985 (16 U.S.C.  
11          3841) is amended—

12                   (1) by redesignating subsections (b) through (h)  
13          as subsections (c) through (i), respectively; and

14                   (2) by inserting after subsection (a) the fol-  
15          lowing:

16           “(b) AVAILABILITY OF FUNDS.—Amounts made  
17          available by subsection (a) shall be used by the Secretary  
18          to carry out the programs specified in such subsection for  
19          fiscal years 2013 through 2017 and shall remain available  
20          until expended. Amounts made available for the programs  
21          specified in such subsection during a fiscal year through  
22          modifications, cancellations, terminations, and other re-  
23          lated administrative actions and not obligated in that fis-  
24          cal year shall remain available for obligation during subse-  
25          quent fiscal years, but shall reduce the amount of addi-

1 tional funds made available in the subsequent fiscal year  
2 by an amount equal to the amount remaining unobli-  
3 gated.”.

4 (c) EFFECTIVE DATE.—The amendments made by  
5 this section shall take effect on October 1, 2012.

6 **SEC. 2602. TECHNICAL ASSISTANCE.**

7 Section 1241 of the Food Security Act of 1985 (16  
8 U.S.C. 3841) is amended by striking subsection (c) (as  
9 redesignated by section 2601(b)(1)) and inserting the fol-  
10 lowing:

11 “(c) TECHNICAL ASSISTANCE.—

12 “(1) AVAILABILITY OF FUNDS.—Commodity  
13 Credit Corporation funds made available for a fiscal  
14 year for each of the programs specified in subsection  
15 (a)—

16 “(A) shall be available for the provision of  
17 technical assistance for the programs for which  
18 funds are made available as necessary to imple-  
19 ment the programs effectively; and

20 “(B) shall not be available for the provi-  
21 sion of technical assistance for conservation  
22 programs specified in subsection (a) other than  
23 the program for which the funds were made  
24 available.

1           “(2) REPORT.—Not later than December 31,  
2           2012, the Secretary shall submit (and update as  
3           necessary in subsequent years) to the Committee on  
4           Agriculture of the House of Representatives and the  
5           Committee on Agriculture, Nutrition, and Forestry  
6           of the Senate a report—

7                   “(A) detailing the amount of technical as-  
8                   sistance funds requested and apportioned in  
9                   each program specified in subsection (a) during  
10                  the preceding fiscal year; and

11                   “(B) any other data relating to this provi-  
12                  sion that would be helpful to such Commit-  
13                  tees.”.

14   **SEC. 2603. REGIONAL EQUITY.**

15           Section 1241 of the Food Security Act of 1985 (16  
16   U.S.C. 3841) is amended by striking subsection (e) (as  
17   redesignated by section 2601(b)(1)) and inserting the fol-  
18   lowing:

19           “(e) REGIONAL EQUITY.—

20                   “(1) EQUITABLE DISTRIBUTION.—When deter-  
21                  mining funding allocations each fiscal year, the Sec-  
22                  retary shall, after considering available funding and  
23                  program demand in each State, provide a distribu-  
24                  tion of funds for conservation programs under sub-  
25                  title D (excluding the conservation reserve program

1 under subchapter B of chapter 1), subtitle H (ex-  
2 cluding wetland easements under section 1265C),  
3 and subtitle I to ensure equitable program participa-  
4 tion proportional to historical funding allocations  
5 and usage by all States.

6 “(2) MINIMUM PERCENTAGE.—In determining  
7 the specific funding allocations under paragraph (1),  
8 the Secretary shall—

9 “(A) ensure that during the first quarter  
10 of each fiscal year each State has the oppor-  
11 tunity to establish that the State can use an ag-  
12 gregate allocation amount of at least 0.6 per-  
13 cent of the funds made available for those con-  
14 servation programs; and

15 “(B) for each State that can so establish,  
16 provide an aggregate amount of at least 0.6  
17 percent of the funds made available for those  
18 conservation programs.”.

19 **SEC. 2604. RESERVATION OF FUNDS TO PROVIDE ASSIST-**  
20 **ANCE TO CERTAIN FARMERS OR RANCHERS**  
21 **FOR CONSERVATION ACCESS.**

22 Subsection (h) of section 1241 of the Food Security  
23 Act of 1985 (16 U.S.C. 3841) (as redesignated by section  
24 2601(b)(1)) is amended—

1 (1) in paragraph (1) by striking “2012” and in-  
2 serting “2017”; and

3 (2) by adding at the end the following:

4 “(4) PREFERENCE.—In providing assistance  
5 under paragraph (1), the Secretary shall give pref-  
6 erence to a veteran farmer or rancher (as defined in  
7 section 2501(e) of the Food, Agriculture, Conserva-  
8 tion, and Trade Act of 1990 (7 U.S.C. 2279(e)))  
9 that qualifies under subparagraph (A) or (B) of  
10 paragraph (1).”.

11 **SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS**  
12 **AND ASSISTANCE.**

13 Subsection (i) of section 1241 of the Food Security  
14 Act of 1985 (16 U.S.C. 3841) (as redesignated by section  
15 2601(b)(1)) is amended—

16 (1) in paragraph (1), by striking “wetlands re-  
17 serve program” and inserting “agricultural conserva-  
18 tion easement program”;

19 (2) by striking paragraphs (2) and (3) and re-  
20 designating paragraphs (4), (5), and (6) as para-  
21 graphs (2), (3), and (4), respectively;

22 (3) in paragraph (3) (as so redesignated), by  
23 striking “agricultural water enhancement program”  
24 and inserting “regional conservation partnership  
25 program”; and

1 (4) by adding at the end the following:

2 “(5) Payments made under the conservation  
3 stewardship program.

4 “(6) Waivers granted by the Secretary under  
5 section 1265B(b)(2)(C).”.

6 **SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR CON-**  
7 **SERVATION PROGRAMS.**

8 Section 1244 of the Food Security Act of 1985 (16  
9 U.S.C. 3844) is amended—

10 (1) in subsection (a)(2), by adding at the end  
11 the following:

12 “(E) Veteran farmers or ranchers (as de-  
13 fined in section 2501(e) of the Food, Agri-  
14 culture, Conservation, and Trade Act of 1990  
15 (7 U.S.C. 2279(e))).”;

16 (2) in subsection (d), by inserting “, H, and I”  
17 before the period at the end;

18 (3) in subsection (f)—

19 (A) in paragraph (1)(B), by striking  
20 “country” and inserting “county”; and

21 (B) in paragraph (3), by striking “sub-  
22 section (c)(2)(B) or (f)(4)” and inserting “sub-  
23 section (c)(2)(A)(ii) or (f)(2)”;

24 (4) by striking subsection (i) and inserting the  
25 following:

1 “(i) CONSERVATION APPLICATION PROCESS.—

2 “(1) INITIAL APPLICATION.—

3 “(A) IN GENERAL.—Not later than 1 year  
4 after the date of enactment of this subsection,  
5 the Secretary shall establish a single, simplified  
6 application for eligible entities to use in initially  
7 requesting assistance under any conservation  
8 program administered by the Secretary (re-  
9 ferred to in this subsection as the ‘initial appli-  
10 cation’).

11 “(B) REQUIREMENTS.—To the maximum  
12 extent practicable, the Secretary shall ensure  
13 that—

14 “(i) a conservation program applicant  
15 is not required to provide information that  
16 is duplicative of information or resources  
17 already available to the Secretary for that  
18 applicant and the specific operation of the  
19 applicant; and

20 “(ii) the initial application process is  
21 streamlined to minimize complexity and re-  
22 dundancy.

23 “(2) REVIEW OF APPLICATION PROCESS.—

24 “(A) IN GENERAL.—Not later than 1 year  
25 after the date of enactment of this subsection,

1           the Secretary shall review the application proc-  
2           ess for each conservation program administered  
3           by the Secretary, including the forms and proc-  
4           esses used to receive assistance requests from  
5           eligible program participants.

6           “(B) REQUIREMENTS.—In carrying out  
7           the review, the Secretary shall determine what  
8           information the participant is required to sub-  
9           mit during the application process, including—

10                   “(i) identification information for the  
11                   applicant;

12                   “(ii) identification and location infor-  
13                   mation for the land parcel or tract of con-  
14                   cern;

15                   “(iii) a general statement of the need  
16                   or resource concern of the applicant for the  
17                   land parcel or tract; and

18                   “(iv) the minimum amount of other  
19                   information the Secretary considers to be  
20                   essential for the applicant to provide per-  
21                   sonally.

22           “(3) REVISION AND STREAMLINE.—

23                   “(A) IN GENERAL.—Not later than 1 year  
24                   after the date of enactment of this subsection,  
25                   the Secretary shall carry out a revision of the

1 application forms and processes for each con-  
2 servation program administered by the Sec-  
3 retary to enable use of information technology  
4 to incorporate appropriate data and information  
5 concerning the conservation needs and solutions  
6 appropriate for the land area identified by the  
7 applicant.

8 “(B) GOAL.—The goal of the revision shall  
9 be to streamline the application process to mini-  
10 mize the burden placed on applicants.

11 “(4) CONSERVATION PROGRAM APPLICATION.—

12 “(A) IN GENERAL.—Once the needs of an  
13 applicant have been adequately assessed by the  
14 Secretary, or a third party provider under sec-  
15 tion 1242, based on the initial application, in  
16 order to determine the 1 or more programs  
17 under this title that best match the needs of the  
18 applicant, with the approval of the applicant,  
19 the Secretary may convert the initial application  
20 into the specific application for assistance for  
21 the relevant conservation program.

22 “(B) SECRETARIAL BURDEN.—To the  
23 maximum extent practicable, the Secretary  
24 shall—

1                   “(i) complete the specific application  
2                   for conservation program assistance for  
3                   each applicant; and

4                   “(ii) request only that specific further  
5                   information from the applicant that is not  
6                   already available to the Secretary.

7                   “(5) IMPLEMENTATION AND NOTIFICATION.—  
8                   Not later than 1 year after the date of enactment  
9                   of this subsection, the Secretary shall submit to the  
10                  Committee on Agriculture of the House of Rep-  
11                  resentatives and the Committee on Agriculture, Nu-  
12                  trition, and Forestry of the Senate written notifica-  
13                  tion that the Secretary has fulfilled the requirements  
14                  of this subsection.”; and

15                  (5) by adding at the end the following:

16                  “(j) IMPROVED ADMINISTRATIVE EFFICIENCY AND  
17                  EFFECTIVENESS.—In administering a conservation pro-  
18                  gram under this title, the Secretary shall, to the maximum  
19                  extent practicable—

20                  “(1) seek to reduce administrative burdens and  
21                  costs to producers by streamlining conservation  
22                  planning and program resources; and

23                  “(2) take advantage of new technologies to en-  
24                  hance efficiency and effectiveness.

1       “(k) RELATION TO OTHER PAYMENTS.—Any pay-  
2 ment received by an owner or operator under this title,  
3 including an easement payment or rental payment, shall  
4 be in addition to, and not affect, the total amount of pay-  
5 ments that the owner or operator is otherwise eligible to  
6 receive under any of the following:

7           “(1) This Act.

8           “(2) The Agricultural Act of 1949 (7 U.S.C.  
9 1421 et seq.).

10          “(3) The Agriculture Reform, Food, and Jobs  
11 Act of 2012.

12          “(4) Any law that succeeds a law specified in  
13 paragraph (1), (2), or (3).

14       “(l) FUNDING FOR INDIAN TRIBES.—In carrying out  
15 the conservation stewardship program under subchapter  
16 B of chapter 2 of subtitle D and the environmental quality  
17 incentives program under chapter 4 of subtitle D, the Sec-  
18 retary may enter into alternative funding arrangements  
19 with Indian tribes if the Secretary determines that the  
20 goals and objectives of the programs will be met by such  
21 arrangements, and that statutory limitations regarding  
22 contracts with individual producers will not be exceeded  
23 by any Tribal member.”.

1 **SEC. 2607. RULEMAKING AUTHORITY.**

2 Subtitle E of title XII of the Food Security Act of  
3 1985 (16 U.S.C. 3841 et seq.) is amended by adding at  
4 the end the following:

5 **“SEC. 1246. REGULATIONS.**

6 “(a) IN GENERAL.—The Secretary shall promulgate  
7 such regulations as are necessary to implement programs  
8 under this title, including such regulations as the Sec-  
9 retary determines to be necessary to ensure a fair and rea-  
10 sonable application of the limitations established under  
11 section 1244(f).

12 “(b) RULEMAKING PROCEDURE.—The promulgation  
13 of regulations and administration of programs under this  
14 title—

15 “(1) shall be carried out without regard to—

16 “(A) the Statement of Policy of the Sec-  
17 retary effective July 24, 1971 (36 Fed. Reg.  
18 13804), relating to notices of proposed rule-  
19 making and public participation in rulemaking;  
20 and

21 “(B) chapter 35 of title 44, United States  
22 Code (commonly known as the Paperwork Re-  
23 duction Act); and

24 “(2) shall be made as an interim rule effective  
25 on publication with an opportunity for notice and  
26 comment.

1           “(c) CONGRESSIONAL REVIEW OF AGENCY RULE-  
2 MAKING.—In promulgating regulations under this section,  
3 the Secretary shall use the authority provided under sec-  
4 tion 808 of title 5, United States Code.”.

5 **SEC. 2608. STANDARDS FOR STATE TECHNICAL COMMIT-**  
6 **TEES.**

7           Section 1261(b) of the Food Security Act of 1985  
8 (16 U.S.C. 3861(b)) is amended by striking “Not later  
9 than 180 days after the date of enactment of the Food,  
10 Conservation, and Energy Act of 2008, the Secretary shall  
11 develop” and inserting “The Secretary shall review and  
12 update as necessary”.

13 **Subtitle H—Repeal of Superseded**  
14 **Program Authorities and Tran-**  
15 **sitional Provisions**

16 **SEC. 2701. COMPREHENSIVE CONSERVATION ENHANCE-**  
17 **MENT PROGRAM.**

18           Section 1230 of the Food Security Act of 1985 (16  
19 U.S.C. 3830) is repealed.

20 **SEC. 2702. EMERGENCY FORESTRY CONSERVATION RE-**  
21 **SERVE PROGRAM.**

22           (a) REPEAL.—Section 1231A of the Food Security  
23 Act of 1985 (16 U.S.C. 3831a) is repealed.

24           (b) TRANSITIONAL PROVISIONS.—

1           (1) EFFECT ON EXISTING CONTRACTS.—The  
2           amendment made by this section shall not affect the  
3           validity or terms of any contract entered into by the  
4           Secretary of Agriculture under section 1231A of the  
5           Food Security Act of 1985 (16 U.S.C. 3831a) before  
6           October 1, 2012, or any payments required to be  
7           made in connection with the contract.

8           (2) FUNDING.—The Secretary may use funds  
9           made available to carry out the conservation reserve  
10          program under subchapter B of chapter 1 of subtitle  
11          D of title XII of the Food Security Act of 1985 (16  
12          U.S.C. 3831 et seq.) to continue to carry out con-  
13          tracts referred to in paragraph (1) using the provi-  
14          sions of law and regulation applicable to such con-  
15          tracts as in existence on September 30, 2012.

16          (c) EFFECTIVE DATE.—The amendment made by  
17          this section shall take effect on October 1, 2012.

18   **SEC. 2703. WETLANDS RESERVE PROGRAM.**

19          (a) REPEAL.—Subchapter C of chapter 1 of subtitle  
20          D of title XII of the Food Security Act of 1985 (16 U.S.C.  
21          3837 et seq.) is repealed.

22          (b) TRANSITIONAL PROVISIONS.—

23                 (1) EFFECT ON EXISTING CONTRACTS AND  
24                 EASEMENTS.—The amendment made by this section  
25                 shall not affect the validity or terms of any contract

1 or easement entered into by the Secretary of Agri-  
2 culture under subchapter C of chapter 1 of subtitle  
3 D of title XII of the Food Security Act of 1985 (16  
4 U.S.C. 3837 et seq.) before October 1, 2012, or any  
5 payments required to be made in connection with the  
6 contract or easement.

7 (2) FUNDING.—

8 (A) USE OF PRIOR YEAR FUNDS.—Not-  
9 withstanding the repeal of subchapter C of  
10 chapter 1 of subtitle D of title XII of the Food  
11 Security Act of 1985 (16 U.S.C. 3837 et seq.),  
12 any funds made available from the Commodity  
13 Credit Corporation to carry out the wetlands  
14 reserve program under that subchapter for fis-  
15 cal years 2009 through 2012 shall be made  
16 available to carry out contracts or easements  
17 referred to in paragraph (1) that were entered  
18 into prior to October 1, 2012 (including the  
19 provision of technical assistance), provided that  
20 no such contract or easement is modified so as  
21 to increase the amount of the payment received.

22 (B) OTHER.—The Secretary may use  
23 funds made available to carry out the agricul-  
24 tural conservation easement program under  
25 subtitle H of title XII of the Food Security Act

1           of 1985, as added by section 2301 of this Act,  
2           to continue to carry out contracts and ease-  
3           ments referred to in paragraph (1) using the  
4           provisions of law and regulation applicable to  
5           such contracts and easements as in existence on  
6           September 30, 2012.

7           (c) EFFECTIVE DATE.—The amendment made by  
8 this section shall take effect on October 1, 2012.

9   **SEC. 2704. FARMLAND PROTECTION PROGRAM AND FARM**  
10                           **VIABILITY PROGRAM.**

11           (a) REPEAL.—Subchapter C of chapter 2 of subtitle  
12 D of title XII of the Food Security Act of 1985 (16 U.S.C.  
13 3838h et seq.) is repealed.

14           (b) TRANSITIONAL PROVISIONS.—

15                   (1) EFFECT ON EXISTING AGREEMENTS AND  
16 EASEMENTS.—The amendment made by this section  
17 shall not affect the validity or terms of any agree-  
18 ment or easement entered into by the Secretary of  
19 Agriculture under subchapter C of chapter 2 of sub-  
20 title D of title XII of the Food Security Act of 1985  
21 (16 U.S.C. 3838h et seq.) before October 1, 2012,  
22 or any payments required to be made in connection  
23 with the agreement or easement.

24                   (2) FUNDING.—

1           (A) USE OF PRIOR YEAR FUNDS.—Not-  
2           withstanding the repeal of subchapter C of  
3           chapter 2 of subtitle D of title XII of the Food  
4           Security Act of 1985 (16 U.S.C. 3838h et seq.),  
5           any funds made available from the Commodity  
6           Credit Corporation to carry out the farmland  
7           protection program under that subchapter for  
8           fiscal years 2009 through 2012 shall be made  
9           available to carry out agreements and ease-  
10          ments referred to in paragraph (1) that were  
11          entered into prior to October 1, 2012 (including  
12          the provision of technical assistance).

13          (B) OTHER.—On exhaustion of funds  
14          made available under subparagraph (A), the  
15          Secretary may use funds made available to  
16          carry out the agricultural conservation ease-  
17          ment program under subtitle H of title XII of  
18          the Food Security Act of 1985, as added by  
19          section 2301 of this Act, to continue to carry  
20          out agreements and easements referred to in  
21          paragraph (1) using the provisions of law and  
22          regulation applicable to such agreements and  
23          easement as in existence on September 30,  
24          2012.

1 (c) EFFECTIVE DATE.—The amendment made by  
2 this section shall take effect on October 1, 2012.

3 **SEC. 2705. GRASSLAND RESERVE PROGRAM.**

4 (a) REPEAL.—Subchapter D of chapter 2 of subtitle  
5 D of title XII of the Food Security Act of 1985 (16 U.S.C.  
6 3838n et seq.) is repealed.

7 (b) TRANSITIONAL PROVISIONS.—

8 (1) EFFECT ON EXISTING CONTRACTS, AGREE-  
9 MENTS, AND EASEMENTS.—The amendment made  
10 by this section shall not affect the validity or terms  
11 of any contract, agreement, or easement entered into  
12 by the Secretary of Agriculture under subchapter D  
13 of chapter 2 of subtitle D of title XII of the Food  
14 Security Act of 1985 (16 U.S.C. 3838n et seq.) be-  
15 fore October 1, 2012, or any payments required to  
16 be made in connection with the contract, agreement,  
17 or easement.

18 (2) FUNDING.—

19 (A) USE OF PRIOR YEAR FUNDS.—Not-  
20 withstanding the repeal of subchapter D of  
21 chapter 2 of subtitle D of title XII of the Food  
22 Security Act of 1985 (16 U.S.C. 3838n et seq.),  
23 any funds made available from the Commodity  
24 Credit Corporation to carry out the grassland  
25 reserve program under that subchapter for fis-

1 cal years 2009 through 2012 shall be made  
2 available to carry out contracts, agreements, or  
3 easements referred to in paragraph (1) that  
4 were entered into prior to October 1, 2012 (in-  
5 cluding the provision of technical assistance),  
6 provided that no such contract, agreement, or  
7 easement is modified so as to increase the  
8 amount of the payment received.

9 (B) OTHER.—The Secretary may use  
10 funds made available to carry out the agricul-  
11 tural conservation easement program under  
12 subtitle H of title XII of the Food Security Act  
13 of 1985, as added by section 2301 of this Act,  
14 to continue to carry out contracts, agreements,  
15 and easements referred to in paragraph (1)  
16 using the provisions of law and regulation appli-  
17 cable to such contracts, agreements, and ease-  
18 ments as in existence on September 30, 2012.

19 (c) EFFECTIVE DATE.—The amendment made by  
20 this section shall take effect on October 1, 2012.

21 **SEC. 2706. AGRICULTURAL WATER ENHANCEMENT PRO-**  
22 **GRAM.**

23 (a) REPEAL.—Section 1240I of the Food Security  
24 Act of 1985 (16 U.S.C. 3839aa–9) is repealed.

25 (b) TRANSITIONAL PROVISIONS.—

1           (1) EFFECT ON EXISTING CONTRACTS AND  
2           AGREEMENTS.—The amendment made by this sec-  
3           tion shall not affect the validity or terms of any con-  
4           tract or agreement entered into by the Secretary of  
5           Agriculture under section 1240I of the Food Secu-  
6           rity Act of 1985 (16 U.S.C. 3839aa–9) before Octo-  
7           ber 1, 2012, or any payments required to be made  
8           in connection with the contract or agreement.

9           (2) FUNDING.—

10           (A) USE OF PRIOR YEAR FUNDS.—Not-  
11           withstanding the repeal of section 1240I of the  
12           Food Security Act of 1985 (16 U.S.C. 3839aa–  
13           9), any funds made available from the Com-  
14           modity Credit Corporation to carry out the ag-  
15           ricultural water enhancement program under  
16           that section for fiscal years 2009 through 2012  
17           shall be made available to carry out contracts  
18           and agreements referred to in paragraph (1)  
19           that were entered into prior to October 1, 2012  
20           (including the provision of technical assistance).

21           (B) OTHER.—On exhaustion of funds  
22           made available under subparagraph (A), the  
23           Secretary may use funds made available to  
24           carry out the regional conservation partnerships  
25           program under subtitle I of title XII of the

1 Food Security Act of 1985, as added by section  
2 2401 of this Act, to continue to carry out con-  
3 tracts and agreements referred to in paragraph  
4 (1) using the provisions of law and regulation  
5 applicable to such contracts and agreements as  
6 in existence on September 30, 2012.

7 (c) EFFECTIVE DATE.—The amendment made by  
8 this section shall take effect on October 1, 2012.

9 **SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

10 (a) REPEAL.—Section 1240N of the Food Security  
11 Act of 1985 (16 U.S.C. 3839bb–1) is repealed.

12 (b) TRANSITIONAL PROVISIONS.—

13 (1) EFFECT ON EXISTING CONTRACTS.—The  
14 amendment made by this section shall not affect the  
15 validity or terms of any contract entered into by the  
16 Secretary of Agriculture under section 1240N of the  
17 Food Security Act of 1985 (16 U.S.C. 3839bb–1)  
18 before October 1, 2012, or any payments required to  
19 be made in connection with the contract.

20 (2) FUNDING.—

21 (A) USE OF PRIOR YEAR FUNDS.—Not-  
22 withstanding the repeal of section 1240N of the  
23 Food Security Act of 1985 (16 U.S.C. 3839bb–  
24 1), any funds made available from the Com-  
25 modity Credit Corporation to carry out the

1 wildlife habitat incentive program under that  
2 section for fiscal years 2009 through 2012 shall  
3 be made available to carry out contracts re-  
4 ferred to in paragraph (1) which were entered  
5 into prior to October 1, 2012 (including the  
6 provision of technical assistance).

7 (B) OTHER.—On exhaustion of funds  
8 made available under subparagraph (A), the  
9 Secretary may use funds made available to  
10 carry out the environmental quality incentives  
11 program under chapter 4 of subtitle D of title  
12 XII of the Food Security Act of 1985 (16  
13 U.S.C. 3839aa et seq.) to continue to carry out  
14 contracts referred to in paragraph (1) using the  
15 provisions of law and regulation applicable to  
16 such contracts as in existence on September 30,  
17 2012.

18 (c) EFFECTIVE DATE.—The amendment made by  
19 this section shall take effect on October 1, 2012.

20 **SEC. 2708. GREAT LAKES BASIN PROGRAM.**

21 (a) REPEAL.—Section 1240P of the Food Security  
22 Act of 1985 (16 U.S.C. 3839bb–3) is repealed.

23 (b) EFFECTIVE DATE.—The amendment made by  
24 this section shall take effect on October 1, 2012.

1 **SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

2 (a) REPEAL.—Section 1240Q of the Food Security  
3 Act of 1985 (16 U.S.C. 3839bb–4) is repealed.

4 (b) TRANSITIONAL PROVISIONS.—

5 (1) EFFECT ON EXISTING CONTRACTS, AGREE-  
6 MENTS, AND EASEMENTS.—The amendment made  
7 by this section shall not affect the validity or terms  
8 of any contract, agreement, or easement entered into  
9 by the Secretary of Agriculture under section 1240Q  
10 of the Food Security Act of 1985 (16 U.S.C.  
11 3839bb–4) before October 1, 2012, or any payments  
12 required to be made in connection with the contract,  
13 agreement, or easement.

14 (2) FUNDING.—

15 (A) USE OF PRIOR YEAR FUNDS.—Not-  
16 withstanding the repeal of section 1240Q of the  
17 Food Security Act of 1985 (16 U.S.C. 3839bb–  
18 4), any funds made available from the Com-  
19 modity Credit Corporation to carry out the  
20 Chesapeake Bay watershed program under that  
21 section for fiscal years 2009 through 2012 shall  
22 be made available to carry out contracts, agree-  
23 ments, and easements referred to in paragraph  
24 (1) that were entered into prior to October 1,  
25 2012 (including the provision of technical as-  
26 sistance).

1           (B) OTHER.—The Secretary may use  
2 funds made available to carry out the regional  
3 conservation partnerships program under sub-  
4 title I of title XII of the Food Security Act of  
5 1985, as added by section 2401 of this Act, to  
6 continue to carry out contracts, agreements,  
7 and easements referred to in paragraph (1)  
8 using the provisions of law and regulation appli-  
9 cable to such contracts, agreements, and ease-  
10 ments as in existence on September 30, 2012.

11       (c) EFFECTIVE DATE.—The amendment made by  
12 this section shall take effect on October 1, 2012.

13 **SEC. 2710. COOPERATIVE CONSERVATION PARTNERSHIP**  
14 **INITIATIVE.**

15       (a) REPEAL.—Section 1243 of the Food Security Act  
16 of 1985 (16 U.S.C. 3843) is repealed.

17       (b) TRANSITIONAL PROVISIONS.—

18           (1) EFFECT ON EXISTING CONTRACTS AND  
19 AGREEMENTS.—The amendment made by this sec-  
20 tion shall not affect the validity or terms of any con-  
21 tract or agreement entered into by the Secretary of  
22 Agriculture under section 1243 of the Food Security  
23 Act of 1985 (16 U.S.C. 3843) before October 1,  
24 2012, or any payments required to be made in con-  
25 nection with the contract or agreement.

1 (2) FUNDING.—

2 (A) USE OF PRIOR YEAR FUNDS.—Not-  
3 withstanding the repeal of section 1243 of the  
4 Food Security Act of 1985 (16 U.S.C. 3843),  
5 any funds made available from the Commodity  
6 Credit Corporation to carry out the cooperative  
7 conservation partnership initiative under that  
8 section for fiscal years 2009 through 2012 shall  
9 be made available to carry out contracts and  
10 agreements referred to in paragraph (1) that  
11 were entered into prior to October 1, 2012 (in-  
12 cluding the provision of technical assistance).

13 (B) OTHER.—On exhaustion of funds  
14 made available under subparagraph (A), the  
15 Secretary may use funds made available to  
16 carry out the regional conservation partnerships  
17 program under subtitle I of title XII of the  
18 Food Security Act of 1985, as added by section  
19 2401 of this Act, to continue to carry out con-  
20 tracts and agreements referred to in paragraph  
21 (1) using the provisions of law and regulation  
22 applicable to such contracts and agreements as  
23 in existence on September 30, 2012.

24 (c) EFFECTIVE DATE.—The amendment made by  
25 this section shall take effect on October 1, 2012.

1 **SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

2 Chapter 3 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839 et seq.) is repealed.

4 **SEC. 2712. TECHNICAL AMENDMENTS.**

5 (a) Section 1201(a) of the Food Security Act of 1985  
6 (16 U.S.C. 3801(a)) is amended in the matter preceding  
7 paragraph (1) by striking “E” and inserting “I”.

8 (b) Section 1211(a) of the Food Security Act of 1985  
9 (16 U.S.C. 3811(a)) is amended by striking “predomi-  
10 nate” each place it appears and inserting “predominant”.

11 (c) Section 1242(i) of the Food Security Act of  
12 1985(16 U.S.C. 3842(i)) is amended in the subsection  
13 heading by striking “SPECIALITY” and inserting “SPE-  
14 CIALTY”.

15 **TITLE III—TRADE [COMPLETE**  
16 **SUBSTITUTE AMENDMENT]**  
17 **Subtitle A—Food for Peace Act**

18 **SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS**  
19 **THROUGH WHICH NONEMERGENCY ASSIST-**  
20 **ANCE IS PROVIDED.**

21 Effective October 1, 2012, section 202(e)(1) of the  
22 Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

23 (1) in the matter preceding subparagraph (A),  
24 by striking “13 percent” and inserting “15 per-  
25 cent”; and

1           (2) in subparagraph (A), by striking “new” and  
2           inserting “and enhancing”.

3 **SEC. 3002. FOOD AID QUALITY.**

4           Section 202(h) of the Food for Peace Act (7 U.S.C.  
5 1722(h)) is amended—

6           (1) by striking paragraph (1) and inserting the  
7           following:

8           “(1) IN GENERAL.—The Administrator shall  
9           use funds made available for fiscal year 2013 and  
10          subsequent fiscal years to carry out this title—

11                   “(A) to assess the types and quality of ag-  
12                   ricultural commodities and products donated for  
13                   food aid;

14                   “(B) to adjust products and formulations,  
15                   including potential introduction of new  
16                   fortificants and products, as necessary to cost-  
17                   effectively meet nutrient needs of target popu-  
18                   lations;

19                   “(C) to test prototypes;

20                   “(D) to adopt new specifications or im-  
21                   prove existing specifications for micronutrient  
22                   fortified food aid products, based on the latest  
23                   developments in food and nutrition science, and  
24                   in coordination with other international part-  
25                   ners;

1           “(E) to develop new program guidance to  
2           facilitate improved matching of products to pur-  
3           poses having nutritional intent, in coordination  
4           with other international partners;

5           “(F) to develop improved guidance for im-  
6           plementing partners on how to address nutri-  
7           tional deficiencies that emerge among recipients  
8           for whom food assistance is the sole source of  
9           diet in emergency programs that extend beyond  
10          1 year, in coordination with other international  
11          partners; and

12          “(G) to evaluate, in appropriate settings  
13          and as necessary, the performance and cost-ef-  
14          fectiveness of new or modified specialized food  
15          products and program approaches designed to  
16          meet the nutritional needs of the most vulner-  
17          able groups, such as pregnant and lactating  
18          mothers, and children under the age of 5.”; and

19          (2) in paragraph (3), by striking “2011” and  
20          inserting “2017”.

21 **SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.**

22          Section 204(a) of the Food for Peace Act (7 U.S.C.  
23          1724(a)) is amended—

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

1           (2) in paragraph (2), by striking “2012” and  
2           inserting “2017”.

3 **SEC. 3004. REAUTHORIZATION OF FOOD AID CONSULT-**  
4 **ACTIVE GROUP.**

5           Section 205(f) of the Food for Peace Act (7 U.S.C.  
6 1725(f)) is amended by striking “2012” and inserting  
7 “2017”.

8 **SEC. 3005. OVERSIGHT, MONITORING, AND EVALUATION OF**  
9 **FOOD FOR PEACE ACT PROGRAMS.**

10          Section 207(f) of the Food for Peace Act (7 U.S.C.  
11 1726a(f)) is amended—

12           (1) by striking paragraph (4) and redesignating  
13           paragraphs (5) and (6) as paragraphs (4) and (5),  
14           respectively; and

15           (2) in subparagraph (A) of paragraph (5) (as  
16           so redesignated)—

17                   (A) by striking “2012” and inserting  
18                   “2017”; and

19                   (B) by striking “during fiscal year 2009”  
20                   and inserting “during the period of fiscal years  
21                   2013 through 2017”.

1 **SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID**  
2 **TRANSPORTATION, DELIVERY, AND DIS-**  
3 **TRIBUTION OF SHELF-STABLE PRE-**  
4 **PACKAGED FOODS.**

5 Section 208(f) of the Food for Peace Act (7 U.S.C.  
6 1726b(f)) is amended by striking “2012” and inserting  
7 “2017”.

8 **SEC. 3007. LIMITATION ON TOTAL VOLUME OF COMMOD-**  
9 **ITIES MONETIZED.**

10 Section 403 of the Food for Peace Act (7 U.S.C.  
11 1733) is amended by adding at the end the following:

12 “(m) **LIMITATION ON MONETIZATION OF COMMOD-**  
13 **ITIES.—**

14 “(1) **LIMITATION.—**

15 “(A) **IN GENERAL.—**Unless the Adminis-  
16 trator grants a waiver under paragraph (2), no  
17 commodity may be made available under this  
18 Act unless the rate of return for the commodity  
19 (as determined under subparagraph (B)) is at  
20 least 70 percent.

21 “(B) **RATE OF RETURN.—**For purposes of  
22 subparagraph (A), the rate of return shall be  
23 equal to the proportion that—

24 “(i) the proceeds the implementing  
25 partners generate through monetization;  
26 bears to

1                   “(ii) the cost to the Federal Govern-  
2                   ment to procure and ship the commodities  
3                   to a recipient country for monetization.

4                   “(2) WAIVER AUTHORITY.—The Administrator  
5                   may waive the application of the limitation in para-  
6                   graph (1) with regard to a commodity for a recipient  
7                   country if the Administrator determines that it is  
8                   necessary to achieve the purposes of this Act in the  
9                   recipient country.

10                  “(3) REPORT.—Not later than 90 days after a  
11                  waiver is granted under paragraph (2), the Adminis-  
12                  trator shall prepare, publish in the Federal Register,  
13                  and submit to the Committees on Foreign Affairs,  
14                  Agriculture, and Appropriations of the House of  
15                  Representatives, and the Committees on Appropria-  
16                  tions, Foreign Relations, and Agriculture, Nutrition,  
17                  and Forestry of the Senate a report that—

18                         “(A) contains the reasons for granting the  
19                         waiver and the actual rate of return for the  
20                         commodity; and

21                         “(B) includes for the commodity the costs  
22                         of bagging or further processing, ocean trans-  
23                         portation, inland transportation in the recipient  
24                         country, storage costs, and any other informa-

1           tion that the Administrator determines to be  
2           necessary.”.

3 **SEC. 3008. FLEXIBILITY.**

4           Section 406 of the Food for Peace Act (7 U.S.C.  
5 1736) is amended—

6           (1) by redesignating subsections (c) and (d) as  
7           subsections (d) and (e), respectively; and

8           (2) by inserting after subsection (b) the fol-  
9           lowing:

10          “(c) FLEXIBILITY.—Notwithstanding any other pro-  
11 vision of law and as necessary to achieve the purposes of  
12 this Act, funds available under this Act may be used to  
13 pay the costs of up to 20 percent of activities conducted  
14 in recipient countries by nonprofit voluntary organiza-  
15 tions, cooperatives, or intergovernmental agencies or orga-  
16 nizations.”.

17 **SEC. 3009. PROCUREMENT, TRANSPORTATION, AND STOR-**  
18 **AGE OF AGRICULTURAL COMMODITIES FOR**  
19 **PREPOSITIONING IN THE UNITED STATES**  
20 **AND FOREIGN COUNTRIES.**

21           Section 407 of the Food for Peace Act (7 U.S.C.  
22 1736a) is amended—

23           (1) in subparagraph (c)(4)(A)—

24           (A) by striking “2012” and inserting  
25           “2017”; and

1 (B) by striking “for each such fiscal year  
2 not more than \$10,000,000 of such funds” and  
3 inserting “for each of fiscal years 2001 through  
4 2012 not more than \$10,000,000 of such funds  
5 and for each of fiscal years 2013 through 2017  
6 not more than \$15,000,000 of such funds”; and  
7 (2) by adding at the end the following:

8 “(g) FUNDING FOR TESTING OF FOOD AID SHIP-  
9 MENTS.—Funds made available for agricultural products  
10 acquired under this Act and section 3107 of the Farm  
11 Security and Rural Investment Act of 2002 (7 U.S.C.  
12 1736 *o*–1) may be used to pay for the testing of the agri-  
13 cultural products”.

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.  
17 1736b) is amended by striking “2012” and inserting  
18 “2017”.

19 **SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**  
20 **SISTANCE.**

21 Section 412 of the Food for Peace Act (7 U.S.C.  
22 1736f) is amended by striking subsection (e) and inserting  
23 the following:

24 “(e) MINIMUM LEVEL OF NONEMERGENCY FOOD AS-  
25 SISTANCE.—

1           “(1) IN GENERAL.—Subject to paragraph (2),  
2           of the amounts made available to carry out emer-  
3           gency and nonemergency food assistance programs  
4           under title II, not less than 15 percent nor more  
5           than 30 percent for each of fiscal years 2013  
6           through 2017 shall be expended for nonemergency  
7           food assistance programs under title II.

8           “(2) MINIMUM LEVEL.—The amount made  
9           available to carry out nonemergency food assistance  
10          programs under title II shall not be less than  
11          \$275,000,000 for any fiscal year.”.

12 **SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE PRO-**  
13 **GRAMS REPORT.**

14          Section 413 of the Food for Peace Act (7 U.S.C.  
15 1736(g)) is amended—

16           (1) by striking “(a) IN GENERAL.—To the  
17           maximum” and inserting “To the maximum”; and

18           (2) by striking subsection (b).

19 **SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.**

20          (a) ELIMINATION OF OBSOLETE REFERENCE TO  
21 STUDY.—Section 415(a)(2)(B) of the Food for Peace Act  
22 (7 U.S.C. 1736g-2(a)(2)(B)) is amended by striking “,  
23 using recommendations” and all that follows through  
24 “quality enhancements”.

1 (b) EXTENSION.—Section 415(c) of the Food for  
2 Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking  
3 “2012” and inserting “2017”.

4 **SEC. 3014. JOHN OGWONSKI AND DOUG BEREUTER FARM-**  
5 **ER-TO-FARMER PROGRAM.**

6 Section 501 of the Food for Peace Act (7 U.S.C.  
7 1737) is amended—

8 (1) in subsection (d)—

9 (A) by striking “0.5 percent” and inserting  
10 “0.6 percent”; and

11 (B) by striking “2012” and inserting  
12 “2017”; and

13 (2) in subsection (e)(1), by striking “2012” and  
14 inserting “2017”.

15 **Subtitle B—Agricultural Trade Act**  
16 **of 1978**

17 **SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAMS.**

18 Section 211 of the Agricultural Trade Act of 1978  
19 (7 U.S.C. 5641) is amended by striking subsection (b) and  
20 inserting the following:

21 “(b) EXPORT CREDIT GUARANTEE PROGRAMS.—The  
22 Commodity Credit Corporation shall make available for  
23 each of fiscal years 2013 through 2017 credit guarantees  
24 under section 202(a) in an amount equal to not more than  
25 \$4,500,000,000 in credit guarantees.”.

1 **SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

2 Section 211(c)(1)(A) of the Agricultural Trade Act  
3 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking  
4 “2012” and inserting “2017”.

5 **SEC. 3103. FOREIGN MARKET DEVELOPMENT COOPERATOR**  
6 **PROGRAM.**

7 Section 703(a) of the Agricultural Trade Act of 1978  
8 (7 U.S.C. 5723(a)) is amended by striking “2012” and  
9 inserting “2017”.

10 **Subtitle C—Other Agricultural**  
11 **Trade Laws**

12 **SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

13 (a) EXTENSION.—The Food for Progress Act of 1985  
14 (7 U.S.C. 1736o) is amended—

15 (1) in subsection (f)(3), by striking “2012” and  
16 inserting “2017”;

17 (2) in subsection (g), by striking “2012” and  
18 inserting “2017”;

19 (3) in subsection (k), by striking “2012” and  
20 inserting “2017”; and

21 (4) in subsection (l)(1), by striking “2012” and  
22 inserting “2017”.

23 (b) REPEAL OF COMPLETED PROJECT.—Subsection  
24 (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o)  
25 is amended by striking paragraph (6).

1           (c) FLEXIBILITY.—The Food for Progress Act of  
2 1985 (7 U.S.C. 1736o) is amended in subsection (l) by  
3 adding at the end the following:

4           “(5) FLEXIBILITY.—Notwithstanding any other  
5 provision of law and to further the purposes of this  
6 Act, funds available under this Act may be used to  
7 pay the costs of up to 20 percent of activities con-  
8 ducted in recipient countries by nonprofit voluntary  
9 organizations, cooperatives, or intergovernmental  
10 agencies or organizations.”.

11           (d) LIMITATION ON TOTAL VOLUME OF COMMOD-  
12 ITIES MONETIZED.—The Food for Progress Act of 1985  
13 (7 U.S.C. 1736o) is amended by adding at the end the  
14 following:

15           “(p) LIMITATION ON MONETIZATION OF COMMOD-  
16 ITIES.—

17           “(1) LIMITATION.—

18           “(A) IN GENERAL.—Unless the Secretary  
19 grants a waiver under paragraph (2), no eligible  
20 commodity may be made available under this  
21 section unless the rate of return for the eligible  
22 commodity (as determined under subparagraph  
23 (B)) is at least 70 percent.

1           “(B) RATE OF RETURN.—For purposes of  
2           subparagraph (A), the rate of return shall be  
3           equal to the proportion that—

4                   “(i) the proceeds the implementing  
5                   partners generate through monetization;  
6                   bears to

7                   “(ii) the cost to the Federal Govern-  
8                   ment to procure and ship the eligible com-  
9                   modities to a recipient country for mone-  
10                  tization.

11           “(2) WAIVER AUTHORITY.—The Secretary may  
12           waive the application of the limitation in paragraph  
13           (1) with regard to an eligible commodity for a recipi-  
14           ent country if the Secretary determines that it is  
15           necessary to achieve the purposes of this Act in the  
16           recipient country.

17           “(3) REPORT.—Not later than 90 days after a  
18           waiver is granted under paragraph (2), the Sec-  
19           retary shall prepare, publish in the Federal Register,  
20           and submit to the Committees on Foreign Affairs,  
21           Agriculture, and Appropriations of the House of  
22           Representatives, and the Committees on Appropria-  
23           tions, Foreign Relations, and Agriculture, Nutrition,  
24           and Forestry of the Senate a report that—

1           “(A) contains the reasons for granting the  
2           waiver and the actual rate of return for the eli-  
3           gible commodity; and

4           “(B) includes for the commodity the costs  
5           of bagging or further processing, ocean trans-  
6           portation, inland transportation in the recipient  
7           country, storage costs, and any other informa-  
8           tion that the Secretary determines to be nec-  
9           essary.”.

10 **SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

11           Section 302 of the Bill Emerson Humanitarian Trust  
12 Act (7 U.S.C. 1736f–1) is amended—

13           (1) in subsection (b)(2)(B)(i), by striking  
14           “2012” both places it appears and inserting “2017”;  
15           and

16           (2) in subsection (h), by striking “2012” both  
17           places it appears and inserting “2017”.

18 **SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS TO**  
19 **EMERGING MARKETS.**

20           (a) **DIRECT CREDITS OR EXPORT CREDIT GUARAN-**  
21 **TEES.**—Section 1542(a) of the Food, Agriculture, Con-  
22 servation, and Trade Act of 1990 (Public Law 101–624;  
23 7 U.S.C. 5622 note) is amended by striking “2012” and  
24 inserting “2017”.

1 (b) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—  
2 Section 1542(d)(1)(A)(i) of the Food, Agriculture, Con-  
3 servation, and Trade Act of 1990 (Public Law 101–624;  
4 7 U.S.C. 5622 note) is amended by striking “2012” and  
5 inserting “2017”.

6 **SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**  
7 **EDUCATION AND CHILD NUTRITION PRO-**  
8 **GRAM.**

9 (a) REAUTHORIZATION.—Section 3107(l)(2) of the  
10 Farm Security and Rural Investment Act of 2002 (7  
11 U.S.C. 1736o–1(l)(2)) is amended by striking “2012” and  
12 inserting “2017”.

13 (b) TECHNICAL CORRECTION.—Section 3107(d) of  
14 the Farm Security and Rural Investment Act of 2002 (7  
15 U.S.C. 1736o–1(d)) is amended by striking “to” in the  
16 matter preceding paragraph (1).

17 **SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

18 (a) PURPOSE.—Section 3205(b) of the Farm Secu-  
19 rity and Rural Investment Act of 2002 (7 U.S.C. 5680(b))  
20 is amended by striking “related barriers to trade” and in-  
21 serting “technical barriers to trade”.

22 (b) FUNDING.—Section 3205(e)(2) of the Farm Se-  
23 curity and Rural Investment Act of 2002 (7 U.S.C.  
24 5680(e)(2)) is amended—

1 (1) by inserting “and” at the end of subpara-  
2 graph (C); and

3 (2) by striking subparagraphs (D) and (E) and  
4 inserting the following new subparagraph:

5 “(D) \$9,000,000 for each of fiscal years  
6 2011 through 2017.”.

7 **SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

8 Section 3202(c) of the Food, Conservation, and En-  
9 ergy Act of 2008 (Public Law 110–246; 22 U.S.C. 2220a  
10 note) is amended by striking “2008 through 2012” and  
11 inserting “2013 through 2017”.

12 **SEC. 3207. LOCAL AND REGIONAL FOOD AID PROCURE-**  
13 **MENT PROJECTS.**

14 Section 3206 of the Food, Conservation, and Energy  
15 Act of 2008 (7 U.S.C. 1726e) is amended—

16 (1) in subsection (b)—

17 (A) by striking “(b) STUDY; FIELD-BASED  
18 PROJECTS.—” and all that follows through “(2)  
19 FIELD-BASED PROJECTS.—” and inserting the  
20 following:

21 “(b) FIELD-BASED PROJECTS.—”;

22 (B) by redesignating subparagraphs (A)  
23 and (B) as paragraphs (1) and (2), respectively,  
24 and indenting appropriately;

1 (C) in paragraph (1) (as so redesignated),  
2 by striking “subparagraph (B)” and inserting  
3 “paragraph (2)”; and

4 (D) in paragraph (2) (as so redesignated),  
5 by striking “subparagraph (A)” and inserting  
6 “paragraph (1)”;

7 (2) in subsection (e)(1), by striking “subsection  
8 (b)(2)” and inserting “subsection (b)”;

9 (3) by striking subsections (d), (f), and (g);

10 (4) by redesignating subsection (e) as sub-  
11 section (d);

12 (5) in subsection (d) (as so redesignated)—

13 (A) in paragraph (2)—

14 (i) by striking subparagraph (B); and

15 (ii) in subparagraph (A)—

16 (I) by striking “(A) APPLICA-  
17 TION.—” and all that follows through  
18 “To be eligible” in clause (i) and in-  
19 serting the following:

20 “(A) IN GENERAL.—To be eligible”;

21 (II) by redesignating clause (ii)  
22 as subparagraph (B) and indenting  
23 appropriately; and

24 (III) in subparagraph (B) (as so  
25 redesignated), by striking “clause (i)”

1 and inserting “subparagraph (A)”;

2 and

3 (B) by striking paragraph (4); and

4 (6) by adding at the end the following:

5 “(e) FUNDING.—

6 “(1) AUTHORIZATION OF APPROPRIATIONS.—

7 There is authorized to be appropriated to carry out

8 this section \$40,000,000 for each of fiscal years

9 2013 through 2017.

10 “(2) PREFERENCE.—In carrying out this sec-

11 tion, the Secretary may give a preference to eligible

12 organizations that have, or are working toward,

13 projects under the McGovern-Dole International

14 Food for Education and Child Nutrition Program

15 established under section 3107 of the Farm Security

16 and Rural Investment Act of 2002 (7 U.S.C. 1736o-

17 1).

18 “(3) REPORTING.—Each year, the Secretary

19 shall submit to the appropriate committees of Con-

20 gress a report that describes the use of funds under

21 this section, including—

22 “(A) the impact of procurements and

23 projects on—

24 “(i) local and regional agricultural

25 producers; and

1                   “(ii) markets and consumers, includ-  
2                   ing low-income consumers; and

3                   “(B) implementation time frames and  
4                   costs.”.

5 **SEC. 3208. DONALD PAYNE HORN OF AFRICA FOOD RESIL-**  
6 **IENCE PROGRAM.**

7           (a) DEFINITIONS.—In this section:

8                   (1) ADMINISTRATOR.—The term “Adminis-  
9                   trator” means the Administrator of the Agency for  
10                   International Development.

11                   (2) APPROPRIATE COMMITTEES OF CON-  
12                   GRESS.—The term “appropriate committees of Con-  
13                   gress” means—

14                           (A) the Committee on Agriculture, Nutri-  
15                           tion, and Forestry of the Senate;

16                           (B) the Committee on Agriculture of the  
17                           House of Representatives;

18                           (C) the Committee on Foreign Relations of  
19                           the Senate; and

20                           (D) the Committee on Foreign Affairs of  
21                           the House of Representatives.

22                   (3) ELIGIBLE ORGANIZATION.—The term “eligi-  
23                   ble organization” means an organization that is—

1 (A) a private voluntary organization or co-  
2 operative that is, to the extent practicable, reg-  
3 istered with the Administrator; or

4 (B) an intergovernmental organization,  
5 such as the World Food Program.

6 (4) HORN OF AFRICA.—The term “Horn of Af-  
7 rica” means the countries of—

8 (A) Ethiopia;

9 (B) Somalia;

10 (C) Kenya;

11 (D) Djibouti;

12 (E) Eritrea;

13 (F) South Sudan;

14 (G) Uganda; and

15 (H) such other countries as the Adminis-  
16 trator determines to be appropriate after pro-  
17 viding notification to the appropriate commit-  
18 tees of Congress.

19 (5) RESILIENCE.—The term “resilience”  
20 means—

21 (A) the capacity to mitigate the negative  
22 impacts of crises (including natural disasters,  
23 conflicts, and economic shocks) in order to re-  
24 duce loss of life and depletion of productive as-  
25 sets;

1           (B) the capacity to respond effectively to  
2           crises, ensuring basic needs are met in a way  
3           that is integrated with long-term development  
4           efforts; and

5           (C) the capacity to recover and rebuild  
6           after crises so that future shocks can be ab-  
7           sorbed with less need for ongoing external as-  
8           sistance.

9           (b) PURPOSE.—The purpose of this section is to es-  
10          tablish a pilot program to effectively integrate all United  
11          States-funded emergency and long-term development ac-  
12          tivities that aim to improve food security in the Horn of  
13          Africa, building resilience so as—

14               (1) to reduce the impacts of future crises;

15               (2) to enhance local capacity for emergency re-  
16          sponse;

17               (3) to enhance sustainability of long-term devel-  
18          opment programs targeting poor and vulnerable  
19          households; and

20               (4) to reduce the need for repeated costly emer-  
21          gency operations.

22          (c) STUDY.—

23               (1) IN GENERAL.—Not later than 30 days after  
24          the date of enactment of this Act, the Administrator

1 shall initiate a study of prior programs to support  
2 resilience in the Horn of Africa conducted by—

3 (A) other donor countries;

4 (B) private voluntary organizations;

5 (C) the World Food Program of the  
6 United Nations; and

7 (D) multilateral institutions, including the  
8 World Bank.

9 (2) REQUIREMENTS.—The study shall—

10 (A) include all programs implemented  
11 through the Agency for International Develop-  
12 ment, the Department of Agriculture, the De-  
13 partment of Treasury, the Millennium Chal-  
14 lenge Corporation, the Peace Corps, and other  
15 relevant Federal agencies;

16 (B) evaluate how well the programs de-  
17 scribed in subparagraph (A) work together to  
18 complement each other and leverage impacts  
19 across programs;

20 (C) include recommendations for how full  
21 integration of efforts can be achieved; and

22 (D) evaluate the degree to which country-  
23 led development plans support programs that  
24 increase resilience, including review of the in-

1 vestments by each country in nutrition and  
2 safety nets.

3 (3) REPORT.—Not later than 180 days after  
4 the date of enactment of this Act, the Administrator  
5 shall submit to the appropriate committees of Con-  
6 gress a report containing the results of the study.

7 (d) FIELD-BASED PROJECT GRANTS OR COOPERA-  
8 TIVE AGREEMENTS.—

9 (1) IN GENERAL.—The Administrator shall—

10 (A) provide grants to, or enter into cooper-  
11 ative agreements with, eligible organizations to  
12 carry out field-based projects that build resil-  
13 ience in the Horn of Africa in accordance with  
14 this section; and

15 (B) develop a project approval process to  
16 ensure full integration of efforts.

17 (2) REQUIREMENTS OF ELIGIBLE ORGANIZA-  
18 TIONS.—

19 (A) APPLICATION.—To be eligible to re-  
20 ceive a grant from, or enter into a cooperative  
21 agreement with, the Administrator under this  
22 subsection, an eligible organization shall submit  
23 to the Administrator an application by such  
24 date, in such manner, and containing such in-  
25 formation as the Administrator may require.

1           (B) COMPLETION REQUIREMENT.—To be  
2 eligible to receive a grant from, or enter into a  
3 cooperative agreement with, the Administrator  
4 under this subsection, an eligible organization  
5 shall agree—

6           (i) to collect, not later than September  
7 30, 2016, data containing the information  
8 required under subsection (f)(2) relating to  
9 the field-based project funded through the  
10 grant or cooperative agreement; and

11           (ii) to provide to the Administrator  
12 the data collected under clause (i).

13 (3) REQUIREMENTS OF ADMINISTRATOR.—

14 (A) PROJECT DIVERSITY.—

15           (i) IN GENERAL.—Subject to clause  
16 (ii) and subparagraph (B), in selecting  
17 proposals for field-based projects to fund  
18 under this section, the Administrator shall  
19 select a diversity of projects, including  
20 projects located in—

21           (I) areas most prone to repeated  
22 crises;

23           (II) areas with effective existing  
24 resilience programs that can be  
25 scaled; and

1 (III) areas in all countries of the  
2 Horn of Africa.

3 (ii) PRIORITY.—In selecting proposals  
4 for field-based projects under clause (i),  
5 the Administrator shall ensure that the se-  
6 lected proposals are for field-based projects  
7 that—

8 (I) effectively integrate emer-  
9 gency and long-term development pro-  
10 grams to improve sustainability;

11 (II) demonstrate the potential to  
12 reduce the need for future emergency  
13 assistance; and

14 (III) build targeted productive  
15 safety nets, in coordination with host  
16 country governments, through food  
17 for work, cash for work, and other  
18 proven program methodologies.

19 (B) AVAILABILITY.—The Administrator  
20 shall not award a grant or cooperative agree-  
21 ment or approve a field-based project under this  
22 subsection until the date on which the Adminis-  
23 trator promulgates regulations or issues guide-  
24 lines under subsection (e).

25 (e) REGULATIONS; GUIDELINES.—

1           (1) IN GENERAL.—Not later than 180 days  
2 after the date of completion of the study under sub-  
3 section (c), the Administrator shall promulgate regu-  
4 lations or issue guidelines to carry out field-based  
5 projects under this section.

6           (2) REQUIREMENTS.—In promulgating regula-  
7 tions or issuing guidelines under paragraph (1), the  
8 Administrator shall—

9                   (A) take into consideration the results of  
10 the study described in subsection (c); and

11                   (B) provide an opportunity for public re-  
12 view and comment.

13 (f) REPORT.—

14           (1) IN GENERAL.—Not later than November 1,  
15 2016, the Administrator shall submit to the appro-  
16 priate committees of Congress a report that—

17                   (A) addresses each factor described in  
18 paragraph (2); and

19                   (B) is conducted in accordance with this  
20 section.

21           (2) REQUIRED FACTORS.—The report shall in-  
22 clude baseline and end-of-project data that meas-  
23 ures—

24                   (A) the prevalence of moderate and severe  
25 hunger so as to provide an accurate accounting

1 of project impact on household access to and  
2 consumption of food during every month of the  
3 year prior to data collection;

4 (B) household ownership of and access to  
5 productive assets, including at a minimum land,  
6 livestock, homes, equipment, and other mate-  
7 rials assets needed for income generation;

8 (C) household incomes, including informal  
9 sources of employment; and

10 (D) the productive assets of women using  
11 the Women's Empowerment in Agriculture  
12 Index.

13 (3) PUBLIC ACCESS TO RECORDS AND RE-  
14 PORTS.—Not later than 90 days after the date on  
15 which the report is submitted under paragraph (1),  
16 the Administrator shall provide public access to the  
17 report.

18 (g) AUTHORIZATION OF APPROPRIATIONS.—There is  
19 authorized to be appropriated to carry out this section  
20 \$10,000,000 for each of fiscal years 2013 through 2017.

1 **TITLE IV—NUTRITION [COM-**  
2 **plete Substitute Amend-**  
3 **ment]**

4 **Subtitle A—Supplemental**  
5 **Nutrition Assistance Program**

6 **SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RES-**  
7 **ERVATIONS.**

8 Section 4(b)(6)(F) of the Food and Nutrition Act of  
9 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking  
10 “2012” and inserting “2017”.

11 **SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON**  
12 **THE RECEIPT OF ENERGY ASSISTANCE PAY-**  
13 **MENTS.**

14 (a) STANDARD UTILITY ALLOWANCES IN THE SUP-  
15 PLEMENTAL NUTRITION ASSISTANCE PROGRAM.—Section  
16 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7  
17 U.S.C. 2014(e)(6)(C)) is amended—

18 (1) in clause (i), by inserting “, subject to  
19 clause (iv)” after “Secretary”; and

20 (2) in clause (iv)(I), by striking “the household  
21 still incurs” and all that follows through the end of  
22 the subclause and inserting “the payment received  
23 by, or made on behalf of, the household exceeds \$10  
24 or a higher amount annually, as determined by the  
25 Secretary.”.

1           (b)           CONFORMING           AMENDMENT.—Section  
2 2605(f)(2)(A) of the Low-Income Home Energy Assist-  
3 ance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended  
4 by inserting before the semicolon at the end “, except that,  
5 for purposes of the supplemental nutrition assistance pro-  
6 gram established under the Food and Nutrition Act of  
7 2008 (7 U.S.C. 2011 et seq.), such payments or allow-  
8 ances exceed \$10 or a higher amount annually, as deter-  
9 mined by the Secretary of Agriculture in accordance with  
10 section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C.  
11 2014(e)(6)(C)(iv)(I))”.

12           (c) EFFECTIVE AND IMPLEMENTATION DATE.—

13               (1) IN GENERAL.—Except as provided in para-  
14 graph (2), this section and the amendments made by  
15 this section shall take effect beginning on October 1,  
16 2013, for all certification periods beginning after  
17 that date.

18               (2) STATE OPTION TO DELAY IMPLEMENTATION  
19 FOR CURRENT RECIPIENTS.—A State may, at the  
20 option of the State, implement a policy that elimi-  
21 nates or minimizes the effect of the amendments  
22 made by this section for households that receive a  
23 standard utility allowance as of the date of enact-  
24 ment of this Act for not more than a 180-day period  
25 beginning on the date on which the amendments

1       made by this section would otherwise affect the ben-  
2       efits received by a household.

3   **SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.**

4       Section 6(e)(3)(B) of Food and Nutrition Act of  
5 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking  
6 “section” and inserting the following: “section, subject to  
7 the condition that the course or program of study—

8                   “(i) is part of a program of career  
9                   and technical education (as defined in sec-  
10                  tion 3 of the Carl D. Perkins Career and  
11                  Technical Education Act of 2006 (20  
12                  U.S.C. 2302)) that may be completed in  
13                  not more than 4 years at an institution of  
14                  higher education (as defined in section 102  
15                  of the Higher Education Act of 1965 (20  
16                  U.S.C. 1002)); or

17                  “(ii) is limited to remedial courses,  
18                  basic adult education, literacy, or English  
19                  as a second language;”.

20   **SEC. 4004. ENDING SUPPLEMENTAL NUTRITION ASSIST-**  
21                   **ANCE PROGRAM BENEFITS FOR LOTTERY OR**  
22                   **GAMBLING WINNERS.**

23       (a) IN GENERAL.—Section 6 of the Food and Nutri-  
24       tion Act of 2008 (7 U.S.C. 2015) is amended by adding  
25       at the end the following:

1           “(r) INELIGIBILITY FOR BENEFITS DUE TO RECEIPT  
2 OF SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS.—

3           “(1) IN GENERAL.—Any household in which a  
4 member receives substantial lottery or gambling  
5 winnings, as determined by the Secretary, shall lose  
6 eligibility for benefits immediately upon receipt of  
7 the winnings.

8           “(2) DURATION OF INELIGIBILITY.—A house-  
9 hold described in paragraph (1) shall remain ineli-  
10 gible for participation until the household meets the  
11 allowable financial resources and income eligibility  
12 requirements under subsections (c), (d), (e), (f), (g),  
13 (i), (k), (l), (m), and (n) of section 5.

14           “(3) AGREEMENTS.—As determined by the Sec-  
15 retary, each State agency, to the maximum extent  
16 practicable, shall establish agreements with entities  
17 responsible for the regulation or sponsorship of gam-  
18 ing in the State to determine whether individuals  
19 participating in the supplemental nutrition assist-  
20 ance program have received substantial lottery or  
21 gambling winnings.”.

22           (b) CONFORMING AMENDMENTS.—Section 5(a) of  
23 the Food and Nutrition Act of 2008 (7 U.S.C. 2014(a))  
24 is amended in the second sentence by striking “sections

1 6(b), 6(d)(2), and 6(g)” and inserting “subsections (b),  
2 (d)(2), (g), and (r) of section 6”.

3 **SEC. 4005. RETAILERS.**

4 (a) DEFINITION OF RETAIL FOOD STORE.—Sub-  
5 section (o)(1)(A) of section 3 of the Food and Nutrition  
6 Act of 2008 (7 U.S.C. 2012) (as redesignated by section  
7 4015(a)(4)) is amended by striking “at least 2” and in-  
8 serting “at least 3”.

9 (b) ALTERNATIVE BENEFIT DELIVERY.—Section  
10 7(f) of the Food and Nutrition Act of 2008 (7 U.S.C.  
11 2016(f)) is amended—

12 (1) by striking paragraph (2) and inserting the  
13 following:

14 “(2) IMPOSITION OF COSTS.—

15 “(A) IN GENERAL.—Except as provided in  
16 subparagraph (B), the Secretary shall require  
17 participating retailers (including restaurants  
18 participating in a State option restaurant pro-  
19 gram intended to serve the elderly, disabled,  
20 and homeless) to pay 100 percent of the costs  
21 of acquiring, and arrange for the implementa-  
22 tion of, electronic benefit transfer point-of-sale  
23 equipment and supplies, including related serv-  
24 ices.

1                   “(B) EXEMPTIONS.—The Secretary may  
2 exempt from subparagraph (A)—

3                   “(i) farmers’ markets, military com-  
4 missaries, nonprofit food buying coopera-  
5 tives, and establishments, organizations,  
6 programs, or group living arrangements  
7 described in paragraphs (5), (7), and (8)  
8 of section 3(k); and

9                   “(ii) establishments described in para-  
10 graphs (3), (4), and (9) of section 3(k),  
11 other than restaurants participating in a  
12 State option restaurant program.”; and

13 (2) by adding at the end the following:

14 “(4) TERMINATION OF MANUAL VOUCHERS.—

15                   “(A) IN GENERAL.—Effective beginning on  
16 the date of enactment of this paragraph, except  
17 as provided in subparagraph (B), no State shall  
18 issue manual vouchers to a household that re-  
19 ceives supplemental nutrition assistance under  
20 this Act or allow retailers to accept manual  
21 vouchers as payment, unless the Secretary de-  
22 termines that the manual vouchers are nec-  
23 essary, such as in the event of an electronic  
24 benefit transfer system failure or a disaster sit-  
25 uation.

1                   “(B) EXEMPTIONS.—The Secretary may  
2                   exempt categories of retailers or individual re-  
3                   tailers from subparagraph (A) based on criteria  
4                   established by the Secretary.

5                   “(5) UNIQUE IDENTIFICATION NUMBER RE-  
6                   QUIRED.—The Secretary shall require all parties  
7                   providing electronic benefit transfer services to pro-  
8                   vide for and maintain unique terminal identification  
9                   number information through the supplemental nutri-  
10                  tion assistance program electronic benefit transfer  
11                  transaction routing system.”.

12                  (c) ELECTRONIC BENEFIT TRANSFERS.—Section  
13 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7  
14 U.S.C. 2016(h)(3)(B)) is amended by striking “is oper-  
15 ational—” and all that follows through “(ii) in the case  
16 of other participating stores,” and inserting “is oper-  
17 ational”.

18                  (d) APPROVAL OF RETAIL FOOD STORES AND  
19 WHOLESALE FOOD CONCERNS.—Section 9 of the Food  
20 and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

21                   (1) in subsection (a)—

22                   (A) in the second sentence of paragraph  
23                   (a)(1), by striking “; and (C)” and inserting “;  
24                   (C) whether the applicant is located in an area

1 with significantly limited access to food; and  
2 (D)”; and

3 (2) by adding at the end the following:

4 “(4) RETAIL FOOD STORES WITH SIGNIFICANT  
5 SALES OF EXCEPTED ITEMS.—

6 “(A) IN GENERAL.—No retail food store  
7 for which at least 45 percent of the total sales  
8 of the retail food store is from the sale of ex-  
9 cepted items described in section 3(k)(1) may  
10 be authorized to accept and redeem benefits un-  
11 less the Secretary determines that the partici-  
12 pation of the retail food store is required for  
13 the effective and efficient operation of the sup-  
14 plemental nutrition assistance program.

15 “(B) APPLICATION.—Subparagraph (A)  
16 shall be effective—

17 “(i) in the case of retail food stores  
18 applying to be authorized for the first  
19 time, beginning on the date that is 1 year  
20 after the date of enactment of this para-  
21 graph; and

22 “(ii) in the case of retail food stores  
23 participating in the program on the date of  
24 enactment of this paragraph, during peri-

1           odic reauthorization in accordance with  
2           paragraph (2)(A).”; and

3           (3) by adding at the end the following:

4           “(g) EBT SERVICE REQUIREMENT.—An approved  
5 retail food store shall provide adequate EBT service as  
6 described in section 7(h)(3)(B).”.

7 **SEC. 4006. IMPROVING SECURITY OF FOOD ASSISTANCE.**

8           Section 7(h)(8) of the Food and Nutrition Act of  
9 2008 (7 U.S.C. 2016(h)(8)) is amended—

10           (1) by striking the paragraph heading and in-  
11           serting “REPLACEMENT OF CARDS.—”;

12           (2) by striking “A State” and inserting the fol-  
13           lowing:

14           “(A) FEES.—A State”; and

15           (3) by adding after subparagraph (A) (as so  
16           designated by paragraph (2)) the following:

17           “(B) PURPOSEFUL LOSS OF CARDS.—

18           “(i) IN GENERAL.—Subject to terms  
19           and conditions established by the Secretary  
20           in accordance with clause (ii), if a house-  
21           hold makes excessive requests for replace-  
22           ment of the electronic benefit transfer card  
23           of the household, the Secretary may re-  
24           quire a State agency to decline to issue a  
25           replacement card to the household unless

1           the household, upon request of the State  
2           agency, provides an explanation for the  
3           loss of the card.

4           “(ii) REQUIREMENTS.—The terms  
5           and conditions established by the Secretary  
6           shall provide that—

7                   “(I) the household be given the  
8                   opportunity to provide the requested  
9                   explanation and meet the require-  
10                  ments under this paragraph promptly;

11                   “(II) after an excessive number  
12                   of lost cards, the head of the house-  
13                   hold shall be required to review pro-  
14                   gram rights and responsibilities with  
15                   State agency personnel authorized to  
16                   make determinations under section  
17                   5(a); and

18                   “(III) any action taken, including  
19                   actions required under section  
20                   6(b)(2), other than the withholding of  
21                   the electronic benefit transfer card  
22                   until an explanation described in sub-  
23                   clause (I) is provided, shall be con-  
24                   sistent with the due process protec-

1                   tions under section 6(b) or 11(e)(10),  
2                   as appropriate.

3                   “(C) PROTECTING VULNERABLE PER-  
4                   SONS.—In implementing this paragraph, a  
5                   State agency shall act to protect homeless per-  
6                   sons, persons with disabilities, victims of  
7                   crimes, and other vulnerable persons who lose  
8                   electronic benefit transfer cards but are not in-  
9                   tentionally committing fraud.

10                  “(D) EFFECT ON ELIGIBILITY.—While a  
11                  State may decline to issue an electronic benefits  
12                  transfer card until a household satisfies the re-  
13                  quirements under this paragraph, nothing in  
14                  this paragraph shall be considered a denial of,  
15                  or limitation on, the eligibility for benefits  
16                  under section 5.”.

17 **SEC. 4007. TECHNOLOGY MODERNIZATION FOR RETAILERS.**

18                  (a) MOBILE TECHNOLOGIES.—Section 7(h) of the  
19                  Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) (as  
20                  amended by section 4015(e)) is amended by adding at the  
21                  end the following:

22                  “(14) MOBILE TECHNOLOGIES.—

23                          “(A) IN GENERAL.—Subject to subpara-  
24                          graph (B), the Secretary shall approve author-  
25                          ized retailers to redeem benefits through elec-

1           tronic means other than wired point of sale de-  
2           vices for electronic benefit transfer transactions,  
3           if the retailers—

4                   “(i) establish recipient protections re-  
5                   garding privacy, ease of use, access, and  
6                   support similar to the protections provided  
7                   for transactions made in retail food stores;

8                   “(ii) bear the costs of obtaining, in-  
9                   stalling, and maintaining mobile tech-  
10                  nologies, including mechanisms needed to  
11                  process EBT cards and transaction fees;

12                  “(iii) demonstrate the foods purchased  
13                  with benefits issued under this section  
14                  through mobile technologies are purchased  
15                  at a price not higher than the price of the  
16                  same food purchased by other methods  
17                  used by the authorized retailer, as deter-  
18                  mined by the Secretary;

19                  “(iv) provide adequate documentation  
20                  for each authorized transaction, as deter-  
21                  mined by the Secretary; and

22                  “(v) meet other criteria as established  
23                  by the Secretary.



1                   ments established by the Secretary, in  
2                   a manner that allows the Secretary to  
3                   evaluate the impact of the demonstra-  
4                   tion on participant access, ease of use,  
5                   and program integrity; and

6                   “(IV) such other criteria as the  
7                   Secretary may require.

8                   “(iii) DATE OF COMPLETION.—The  
9                   demonstration projects under this subpara-  
10                  graph shall be completed and final reports  
11                  submitted to the Secretary by not later  
12                  than July 1, 2015.

13                  “(C) REPORT TO CONGRESS.—The Sec-  
14                  retary shall—

15                  “(i) by not later than January 1,  
16                  2016, authorize implementation of sub-  
17                  paragraph (A) in all States, unless the  
18                  Secretary makes a finding, based on the  
19                  data provided under subparagraph (B),  
20                  that implementation in all States is not in  
21                  the best interest of the supplemental nutri-  
22                  tion assistance program; and

23                  “(ii) if the determination made in  
24                  clause (i) is not to implement subpara-  
25                  graph (A) in all States, submit a report to

1           the Committee on Agriculture of the House  
2           of Representatives and the Committee on  
3           Agriculture, Nutrition, and Forestry of the  
4           Senate that includes the basis of the find-  
5           ing.”.

6           (b) ACCEPTANCE OF BENEFITS THROUGH ON-LINE  
7   TRANSACTIONS.—

8           (1) IN GENERAL.—Section 7 of the Food and  
9           Nutrition Act of 2008 (7 U.S.C. 2016) is amended  
10          by adding at the end the following:

11          “(k) OPTION TO ACCEPT PROGRAM BENEFITS  
12   THROUGH ON-LINE TRANSACTIONS.—

13           “(1) IN GENERAL.—Subject to paragraph (4),  
14          the Secretary shall approve authorized food retailers  
15          to accept benefits from recipients of supplemental  
16          nutrition assistance through on-line transactions.

17           “(2) REQUIREMENTS TO ACCEPT BENEFITS.—  
18          An authorized food retailer seeking to accept bene-  
19          fits from recipients of supplemental nutrition assist-  
20          ance through on-line transactions shall—

21           “(A) establish recipient protections regard-  
22          ing privacy, ease of use, access, and support  
23          similar to the protections provided for trans-  
24          actions made in retail food stores;

1           “(B) ensure benefits are not used to pay  
2           delivery, ordering, convenience, or other fees or  
3           charges;

4           “(C) clearly notify participating households  
5           at the time a food order is placed—

6                   “(i) of any delivery, ordering, conven-  
7                   ience, or other fee or charge associated  
8                   with the food purchase; and

9                   “(ii) that any such fee cannot be paid  
10                  with benefits provided under this Act;

11           “(D) ensure the security of on-line trans-  
12           actions by using the most effective technology  
13           available that the Secretary considers appro-  
14           priate and cost-effective and that is comparable  
15           to the security of transactions at retail food  
16           stores; and

17           “(E) meet other criteria as established by  
18           the Secretary.

19           “(3) STATE AGENCY ACTION.—Each State  
20           agency shall ensure that recipients of supplemental  
21           nutrition assistance can redeem benefits on-line as  
22           described in this subsection as appropriate.

23           “(4) DEMONSTRATION PROJECT ON ACCEPT-  
24           ANCE OF BENEFITS THROUGH ON-LINE TRANS-  
25           ACTIONS.—

1           “(A) IN GENERAL.—Before the Secretary  
2 authorizes implementation of paragraph (1) in  
3 all States, the Secretary shall carry out a num-  
4 ber of demonstration projects as determined by  
5 the Secretary to test the feasibility of allowing  
6 authorized retailers to accept benefits through  
7 on-line transactions.

8           “(B) DEMONSTRATION PROJECTS.—To be  
9 eligible to participate in a demonstration project  
10 under subparagraph (A), an authorized retailer  
11 shall submit to the Secretary for approval a  
12 plan that includes—

13                   “(i) a method of ensuring that bene-  
14 fits may be used to purchase only eligible  
15 items under this Act;

16                   “(ii) a description of the method of  
17 educating participant households about the  
18 availability and operation of on-line pur-  
19 chasing;

20                   “(iii) adequate testing of the on-line  
21 purchasing option prior to implementation;

22                   “(iv) the provision of data as re-  
23 quested by the Secretary for purposes of  
24 analyzing the impact of the project on par-

1            participant access, ease of use, and program  
2            integrity;

3            “(v) reports on progress, challenges,  
4            and results, as determined by the Sec-  
5            retary; and

6            “(vi) such other criteria, including se-  
7            curity criteria, as established by the Sec-  
8            retary.

9            “(C) DATE OF COMPLETION.—The dem-  
10           demonstration projects under this paragraph shall  
11           be completed and final reports submitted to the  
12           Secretary by not later than July 1, 2015.

13           “(5) REPORT TO CONGRESS.—The Secretary  
14           shall—

15           “(A) by not later than January 1, 2016,  
16           authorize implementation of paragraph (1) in  
17           all States, unless the Secretary makes a find-  
18           ing, based on the data provided under para-  
19           graph (4), that implementation in all States is  
20           not in the best interest of the supplemental nu-  
21           trition assistance program; and

22           “(B) if the determination made in sub-  
23           paragraph (A) is not to implement in all States,  
24           submit a report to the Committee on Agri-  
25           culture of the House of Representatives and the

1           Committee on Agriculture, Nutrition, and For-  
2           estry of the Senate that includes the basis of  
3           the finding.”.

4           (2) CONFORMING AMENDMENTS.—

5           (A) Section 7(b) of the Food and Nutrition  
6           Act of 2008 (7 U.S.C. 2016(b)) is amended by  
7           striking “purchase food in retail food stores”  
8           and inserting “purchase food from retail food  
9           stores”.

10          (B) Section 10 of the Food and Nutrition  
11          Act of 2008 (7 U.S.C. 2019) is amended in the  
12          first sentence by inserting “retail food stores  
13          authorized to accept and redeem benefits  
14          through on-line transactions shall be authorized  
15          to accept benefits prior to the delivery of food  
16          if the delivery occurs within a reasonable time  
17          of the purchase, as determined by the Sec-  
18          retary,” after “food so purchased,”.

19          (c) SAVINGS CLAUSE.—Nothing in this section or an  
20          amendment made by this section alter any requirements  
21          of the Food and Nutrition Act of 2008 (7 U.S.C. 2011  
22          et seq.) unless specifically authorized in this section or an  
23          amendment made by this section.

1 **SEC. 4008. RESTAURANT MEALS PROGRAM.**

2 (a) IN GENERAL.—Section 11(e) of the Food and  
3 Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

4 (1) in paragraph (22), by striking “and” at the  
5 end;

6 (2) in paragraph (23), by striking the period at  
7 the end of subparagraph (C) and inserting “; and”;  
8 and

9 (3) by adding at the end the following:

10 “(24) if the State elects to carry out a program  
11 to contract with private establishments to offer  
12 meals at concessional prices, as described in para-  
13 graphs 3, 4, and 9 of section 3(k)—

14 “(A) the plans of the State agency for op-  
15 erating the program, including—

16 “(i) documentation of a need that eli-  
17 gible homeless, elderly, and disabled clients  
18 are underserved in a particular geographic  
19 area;

20 “(ii) the manner by which the State  
21 agency will limit participation to only those  
22 private establishments that the State de-  
23 termines necessary to meet the need identi-  
24 fied in clause (i); and

25 “(iii) any other conditions the Sec-  
26 retary may prescribe, such as the level of

1 security necessary to ensure that only eligi-  
2 ble recipients participate in the program;  
3 and

4 “(B) a report by the State agency to the  
5 Secretary annually, the schedule of which shall  
6 be established by the Secretary, that includes—

7 “(i) the number of households and in-  
8 dividual recipients authorized to partici-  
9 pate in the program, including any infor-  
10 mation on whether the individual recipient  
11 is elderly, disabled, or homeless; and

12 “(ii) an assessment of whether the  
13 program is meeting an established need, as  
14 documented under subparagraph (A)(i).”.

15 (b) APPROVAL OF RETAIL FOOD STORES AND  
16 WHOLESALE FOOD CONCERNS.—Section 9 of the Food  
17 and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended  
18 by section 4005(d)(3)) is amended by adding at the end  
19 the following:

20 “(h) PRIVATE ESTABLISHMENTS.—

21 “(1) IN GENERAL.—Subject to paragraph (2),  
22 no private establishment that contracts with a State  
23 agency to offer meals at concessional prices as de-  
24 scribed in paragraphs 3, 4, and 9 of section 3(k)  
25 may be authorized to accept and redeem benefits un-

1 less the Secretary determines that the participation  
2 of the private establishment is required to meet a  
3 documented need in accordance with section  
4 11(e)(24).

5 “(2) EXISTING CONTRACTS.—

6 “(A) IN GENERAL.—If, on the day before  
7 the date of enactment of this subsection, a  
8 State has entered into a contract with a private  
9 establishment described in paragraph (1) and  
10 the Secretary has not determined that the par-  
11 ticipation of the private establishment is nec-  
12 essary to meet a documented need in accord-  
13 ance with section 11(e)(24), the Secretary shall  
14 allow the operation of the private establishment  
15 to continue without that determination of need  
16 for a period not to exceed 180 days from the  
17 date on which the Secretary establishes deter-  
18 mination criteria, by regulation, under section  
19 11(e)(24).

20 “(B) JUSTIFICATION.—If the Secretary  
21 makes a determination to terminate a contract  
22 with a private establishment that is in effect on  
23 the date of enactment of this subsection, the  
24 Secretary shall provide justification to the State



1 **SEC. 4010. AUTHORIZATION OF APPROPRIATIONS.**

2 Section 18(a)(1) of the Food and Nutrition Act of  
3 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sen-  
4 tence by striking “2012” and inserting “2017”.

5 **SEC. 4011. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

6 Section 25 of the Food and Nutrition Act of 2008  
7 (7 U.S.C. 2034) is amended—

8 (1) in subsection (a)(1)(B)(ii)—

9 (A) by striking subclause (I); and

10 (B) by redesignating subclauses (II) and

11 (III) as subclauses (I) and (II), respectively;

12 and

13 (2) in subsection (b), by adding at the end the  
14 following:

15 “(3) FUNDING.—

16 “(A) IN GENERAL.—Out of any funds in  
17 the Treasury not otherwise appropriated, the  
18 Secretary of the Treasury shall transfer to the  
19 Secretary to carry out this section not less than  
20 \$5,000,000 for fiscal year 2013 and each fiscal  
21 year thereafter.

22 “(B) RECEIPT AND ACCEPTANCE.—The  
23 Secretary shall be entitled to receive, shall ac-  
24 cept, and shall use to carry out this section the  
25 funds transferred under subparagraph (A),  
26 without further appropriation.

1                   “(C) MAINTENANCE OF FUNDING.—The  
2                   funding provided under subparagraph (A) shall  
3                   supplement (and not supplant) other Federal  
4                   funding made available to the Secretary to  
5                   carry out this section.”.

6 **SEC. 4012. EMERGENCY FOOD ASSISTANCE.**

7           (a) PURCHASE OF COMMODITIES.—Section 27(a) of  
8 the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a))  
9 is amended—

10           (1) in paragraph (1), by striking “2008  
11 through 2012” and inserting “2012 through 2017”;

12           (2) by striking paragraph (2) and inserting the  
13 following:

14           “(2) AMOUNTS.—The Secretary shall use to  
15 carry out paragraph (1)—

16           “(A) for fiscal year 2012, \$260,000,000;  
17 and

18           “(B) for each subsequent fiscal year, the  
19 dollar amount of commodities specified in sub-  
20 paragraph (A) adjusted by the percentage by  
21 which the thrifty food plan has been adjusted  
22 under section 3(u)(4) between June 30, 2012,  
23 and June 30 of the immediately preceding fiscal  
24 year, and subsequently increased by—

25           “(i) for fiscal year 2013, \$28,000,000;

1                   “(ii) for fiscal year 2014,  
2                   \$24,000,000;

3                   “(iii) for fiscal year 2015,  
4                   \$20,000,000;

5                   “(iv) for fiscal year 2016,  
6                   \$18,000,000; and

7                   “(v) for fiscal year 2017 and each fis-  
8                   cal year thereafter, \$10,000,000.”; and

9                   (3) by adding at the end the following:

10                   “(3) FUNDS AVAILABILITY.—For purposes of  
11                   the funds described in this subsection, the Secretary  
12                   shall—

13                   “(A) make the funds available for 2 fiscal  
14                   years; and

15                   “(B) allow States to carry over unex-  
16                   pended balances to the next fiscal year pursu-  
17                   ant to such terms and conditions as are deter-  
18                   mined by the Secretary.”.

19                   (b) EMERGENCY FOOD PROGRAM INFRASTRUCTURE  
20                   GRANTS.—Section 209(d) of the Emergency Food Assist-  
21                   ance Act of 1983 (7 U.S.C. 7511a(d)) is amended by  
22                   striking “2012” and inserting “2017”.

1 **SEC. 4013. NUTRITION EDUCATION.**

2 Section 28(b) of the Food and Nutrition Act of 2008  
3 (7 U.S.C. 2036a(b)) is amended by inserting “and phys-  
4 ical activity” after “healthy food choices”.

5 **SEC. 4014. RETAILER AND RECIPIENT TRAFFICKING.**

6 The Food and Nutrition Act of 2008 (7 U.S.C. 2011  
7 et seq.) is amended by adding at the end the following:

8 **“SEC. 29. RETAILER AND RECIPIENT TRAFFICKING.**

9 “(a) PURPOSE.—The purpose of this section is to  
10 provide the Department of Agriculture with additional re-  
11 sources to prevent trafficking in violation of this Act by  
12 strengthening recipient and retailer program integrity.

13 “(b) USE OF FUNDS.—Additional funds are provided  
14 under this section to supplement the payment accuracy,  
15 and retailer and recipient integrity activities of the De-  
16 partment.

17 “(c) FUNDING.—

18 “(1) IN GENERAL.—Out of any funds in the  
19 Treasury not otherwise appropriated, the Secretary  
20 of the Treasury shall transfer to the Secretary to  
21 carry out this section not less than \$18,500,000 for  
22 fiscal year 2013 and each fiscal year thereafter.

23 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
24 retary shall be entitled to receive, shall accept, and  
25 shall use to carry out this section the funds trans-

1       ferred under paragraph (1), without further appro-  
2       priation.

3               “(3) MAINTENANCE OF FUNDING.—The fund-  
4       ing provided under paragraph (1) shall supplement  
5       (and not supplant) other Federal funding for pro-  
6       grams carried out under this Act.”.

7       **SEC. 4015. TECHNICAL AND CONFORMING AMENDMENTS.**

8       (a) Section 3 of the Food and Nutrition Act of 2008  
9       (7 U.S.C. 2012) is amended—

10           (1) in subsection (g), by striking “coupon,” and  
11       inserting “coupon”;

12           (2) in subsection (k)(7), by striking “or are”  
13       and inserting “and”;

14           (3) by striking subsection (l);

15           (4) by redesignating subsections (m) through  
16       (t) as subsections (l) through (s), respectively; and

17           (5) by inserting after subsection (s) (as so re-  
18       designated) the following:

19       “(t) ‘Supplemental nutrition assistance program’  
20       means the program operated pursuant to this Act.”.

21       (b) Section 4(a) of the Food and Nutrition Act of  
22       2008 (7 U.S.C. 2013(a)) is amended in the last sentence  
23       by striking “benefits” and inserting “Benefits”.

24       (c) Section 5 of the Food and Nutrition Act of 2008  
25       (7 U.S.C. 2014) is amended—

1           (1) in the last sentence of subsection (i)(2)(D),  
2           by striking “section 13(b)(2)” and inserting “section  
3           13(b)”;

4           (2) in subsection (k)(4)(A), by striking “para-  
5           graph (2)(H)” and inserting “paragraph (2)(G)”.

6           (d) Section 6(d)(4) of the Food and Nutrition Act  
7 of 2008 (7 U.S.C. 2015(d)(4)) is amended in subpara-  
8 graphs (B)(vii) and (F)(iii) by indenting both clauses ap-  
9 propriately.

10          (e) Section 7(h) of the Food and Nutrition Act of  
11 2008 (7 U.S.C. 2016(h)) is amended by redesignating the  
12 second paragraph (12) (relating to interchange fees) as  
13 paragraph (13).

14          (f) Section 9(a) of the Food and Nutrition Act of  
15 2008 (7 U.S.C. 2018(a)) is amended by indenting para-  
16 graph (3) appropriately.

17          (g) Section 12 of the Food and Nutrition Act of 2008  
18 (7 U.S.C. 2021) is amended—

19           (1) in subsection (b)(3)(C), by striking “civil  
20           money penalties” and inserting “civil penalties”; and

21           (2) in subsection (g)(1), by striking “(7 U.S.C.  
22           1786)” and inserting “(42 U.S.C. 1786)”.

23          (h) Section 15(b)(1) of the Food and Nutrition Act  
24 of 2008 (7 U.S.C. 2024(b)(1)) is amended in the first sen-  
25 tence by striking “an benefit” and inserting “a benefit”.

1 (i) Section 16(a) of the Food and Nutrition Act of  
2 2008 (7 U.S.C. 2025(a)) is amended in the proviso fol-  
3 lowing paragraph (8) by striking “as amended.”.

4 (j) Section 18(e) of the Food and Nutrition Act of  
5 2008 (7 U.S.C. 2027(e)) is amended in the first sentence  
6 by striking “sections 7(f)” and inserting “section 7(f)”.

7 (k) Section 22(b)(10)(B)(i) of the Food and Nutri-  
8 tion Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i)) is amended  
9 in the last sentence by striking “Food benefits” and in-  
10 serting “Benefits”.

11 (l) Section 26(f)(3)(C) of the Food and Nutrition Act  
12 of 2008 (7 U.S.C. 2035(f)(3)(C)) is amended by striking  
13 “subsection” and inserting “subsections”.

14 (m) Section 27(a)(1) of the Food and Nutrition Act  
15 of 2008 (7 U.S.C. 2036(a)(1)) is amended by striking  
16 “(Public Law 98–8; 7 U.S.C. 612c note)” and inserting  
17 “(7 U.S.C. 7515)”.

18 (n) Section 509 of the Older Americans Act of 1965  
19 (42 U.S.C. 3056g) is amended in the section heading by  
20 striking “**FOOD STAMP PROGRAMS**” and inserting  
21 “**SUPPLEMENTAL NUTRITION ASSISTANCE PRO-**  
22 **GRAMS**”.

23 (o) Section 4115(c)(2)(H) of the Food, Conservation,  
24 and Energy Act of 2008 (Public Law 110–246; 122 Stat.  
25 1871) is amended by striking “531” and inserting “454”.

1                   **Subtitle B—Commodity**  
2                   **Distribution Programs**

3 **SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.**

4           Section 4(a) of the Agriculture and Consumer Protec-  
5 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–  
6 86) is amended in the first sentence by striking “2012”  
7 and inserting “2017”.

8 **SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

9           Section 5 of the Agriculture and Consumer Protec-  
10 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–  
11 86) is amended—

12                   (1) in paragraphs (1) and (2)(B) of subsection  
13                   (a), by striking “2012” each place it appears and in-  
14                   serting “2017”;

15                   (2) in the first sentence of subsection (d)(2), by  
16                   striking “2012” and inserting “2017”;

17                   (3) by striking subsection (g) and inserting the  
18                   following:

19                   “(g) ELIGIBILITY.—Except as provided in subsection  
20 (m), the States shall only provide assistance under the  
21 commodity supplemental food program to low-income per-  
22 sons aged 60 and older.”; and

23                   (4) by adding at the end the following:

24                   “(m) PHASE-OUT.—Notwithstanding any other provi-  
25 sion of law, an individual who receives assistance under

1 the commodity supplemental food program on the day be-  
2 fore the date of enactment of this subsection shall con-  
3 tinue to receive that assistance until the date on which  
4 the individual is no longer eligible for assistance under the  
5 eligibility requirements for the program in effect on the  
6 day before the date of enactment of this subsection.”.

7 **SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO**  
8 **SPECIAL NUTRITION PROJECTS.**

9 Section 1114(a)(2)(A) of the Agriculture and Food  
10 Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the  
11 first sentence by striking “2012” and inserting “2017”.

12 **SEC. 4104. TECHNICAL AND CONFORMING AMENDMENTS.**

13 Section 3 of the Commodity Distribution Reform Act  
14 and WIC Amendments of 1987 (7 U.S.C. 612e note; Pub-  
15 lic Law 100–237) is amended—

16 (1) in subsection (a)—

17 (A) in paragraph (2), by striking subpara-  
18 graph (B) and inserting the following:

19 “(B) the program established under sec-  
20 tion 4(b) of the Food and Nutrition Act of  
21 2008 (7 U.S.C. 2013(b));”; and

22 (B) in paragraph (3)(D), by striking “the  
23 Committee on Education and Labor” and in-  
24 serting “the Committee on Education and the  
25 Workforce”;

1           (2) in subsection (b)(1)(A)(ii), by striking “sec-  
2           tion 32 of the Agricultural Adjustment Act (7  
3           U.S.C. 601 et seq.)” and inserting “section 32 of  
4           the Act of August 24, 1935 (7 U.S.C. 612c)”;

5           (3) in subsection (e)(1)(D)(iii), by striking sub-  
6           clause (II) and inserting the following:

7                                 “(II) the program established  
8                                 under section 4(b) of the Food and  
9                                 Nutrition Act of 2008 (7 U.S.C.  
10                                2013(b));”; and

11           (4) in subsection (k), by striking “the Com-  
12           mittee on Education and Labor” and inserting “the  
13           Committee on Education and the Workforce”.

## 14           **Subtitle C—Miscellaneous**

### 15   **SEC. 4201. PURCHASE OF FRESH FRUITS AND VEGETABLES** 16                                 **FOR DISTRIBUTION TO SCHOOLS AND SERV-** 17                                 **ICE INSTITUTIONS.**

18           Section 10603(b) of the Farm Security and Rural In-  
19           vestment Act of 2002 (7 U.S.C. 612c–4(b)) is amended  
20           by striking “2012” and inserting “2017”.

### 21   **SEC. 4202. SENIORS FARMERS’ MARKET NUTRITION PRO-** 22                                 **GRAM.**

23           Section 4402(a) of the Farm Security and Rural In-  
24           vestment Act of 2002 (7 U.S.C. 3007(a)) is amended by  
25           striking “2012” and inserting “2017”.

1 **SEC. 4203. NUTRITION INFORMATION AND AWARENESS**  
2 **PILOT PROGRAM.**

3 Section 4403 of the Farm Security and Rural Invest-  
4 ment Act of 2002 (7 U.S.C. 3171 note; Public Law 107-  
5 171) is repealed.

6 **SEC. 4204. WHOLE GRAIN PRODUCTS.**

7 Section 4305 of the Food, Conservation, and Energy  
8 Act of 2008 (42 U.S.C. 1755a) is amended—

9 (1) in subsection (a), by striking “2005” and  
10 inserting “2010”;

11 (2) in subsection (d), by striking “2011” and  
12 inserting “2015”;

13 (3) in subsection (e), by striking “Labor of the  
14 House of Representative” and inserting “the Work-  
15 force of the House of Representatives”; and

16 (4) by adding at the end the following:  
17 “(f) FUNDING.—

18 “(1) IN GENERAL.—On October 1, 2013, out of  
19 any funds in the Treasury not otherwise appro-  
20 priated, the Secretary of the Treasury shall transfer  
21 to the Secretary to carry out this section  
22 \$10,000,000 for the period of fiscal years 2014  
23 through 2015.

24 “(2) RECEIPT AND ACCEPTANCE.—The Sec-  
25 retary shall be entitled to receive, shall accept, and  
26 shall use to carry out this section the funds trans-

1       ferred under paragraph (1), without further appro-  
2       piation.

3               “(3) MAINTENANCE OF FUNDING.—The fund-  
4       ing provided under paragraph (1) shall supplement  
5       (and not supplant) other Federal funding (including  
6       funds made available under section 32 of the Act of  
7       August 24, 1935 (7 U.S.C. 612c)) for programs car-  
8       ried out under—

9               “(A) the Richard B. Russell National  
10       School Lunch Act (42 U.S.C. 1751 et seq.), ex-  
11       cept for section 19 of that Act (42 U.S.C.  
12       1769a);

13               “(B) the Emergency Food Assistance Act  
14       of 1983 (7 U.S.C. 7501 et seq.); and

15               “(C) section 27 of the Food and Nutrition  
16       Act of 2008 (7 U.S.C. 2036).”.

17 **SEC. 4205. HUNGER-FREE COMMUNITIES.**

18       Section 4405 of the Food, Conservation, and Energy  
19 Act of 2008 (7 U.S.C. 7517) is amended—

20               (1) in subsection (a)—

21               (A) by striking paragraph (1) and insert-  
22       ing the following:

23               “(1) ELIGIBLE ENTITY.—

24               “(A) COLLABORATIVE GRANTS.—In sub-  
25       section (b), the term ‘eligible entity’ means a

1 public food program service provider or non-  
2 profit organization, including an emergency  
3 feeding organization, that has collaborated or  
4 will collaborate with 1 or more local partner or-  
5 ganizations to achieve at least 1 hunger-free  
6 communities goal.

7 “(B) INCENTIVE GRANTS.—In subsection  
8 (c), the term ‘eligible entity’ means a nonprofit  
9 organization (including an emergency feeding  
10 organization), an agricultural cooperative, pro-  
11 ducer network or association, community health  
12 organization, public benefit corporation, eco-  
13 nomic development corporation, farmers’ mar-  
14 ket, community-supported agriculture program,  
15 buying club, supplemental nutrition assistance  
16 program authorized retailer, a State, local, or  
17 tribal agency, and any other entity the Sec-  
18 retary designates.”;

19 (B) by adding at the end the following:

20 “(4) SUPPLEMENTAL NUTRITION ASSISTANCE  
21 PROGRAM.—The term ‘supplemental nutrition assist-  
22 ance program’ means the supplemental nutrition as-  
23 sistance program established under the Food and  
24 Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).



1                   “(I) in cash or in-kind contribu-  
2                   tions as determined by the Secretary,  
3                   including facilities, equipment, or  
4                   services; and

5                   “(II) by a State or local govern-  
6                   ment or a private source.

7                   “(ii) LIMITATION.—In the case of a  
8                   for-profit entity, the non-Federal share de-  
9                   scribed in clause (i) shall not include serv-  
10                  ices of an employee, including salaries paid  
11                  or expenses covered by the employer.

12                  “(2) CRITERIA.—

13                  “(A) IN GENERAL.—For purposes of this  
14                  subsection, an eligible entity is a governmental  
15                  agency or nonprofit organization that—

16                  “(i) meets the application criteria set  
17                  forth by the Secretary; and

18                  “(ii) proposes a project that, at a  
19                  minimum—

20                  “(I) has the support of the State  
21                  agency;

22                  “(II) would increase the purchase  
23                  of fruits and vegetables by low-income  
24                  consumers participating in the supple-  
25                  mental nutrition assistance program

1 by providing incentives at the point of  
2 purchase;

3 “(III) agrees to participate in the  
4 evaluation described in paragraph (4);

5 “(IV) ensures that the same  
6 terms and conditions apply to pur-  
7 chases made by individuals with bene-  
8 fits issued under this Act and incen-  
9 tives provided for in this subsection as  
10 apply to purchases made by individ-  
11 uals who are not members of house-  
12 holds receiving benefits, such as pro-  
13 vided for in section 278.2(b) of title 7,  
14 Code of Federal Regulations (or a  
15 successor regulation); and

16 “(V) includes effective and effi-  
17 cient technologies for benefit redemp-  
18 tion systems that may be replicated in  
19 other for States and communities.

20 “(B) PRIORITY.—In awarding grants  
21 under this section, the Secretary shall give pri-  
22 ority to projects that—

23 “(i) maximize the share of funds used  
24 for direct incentives to participants;

1                   “(ii) use direct-to-consumer sales mar-  
2                   keting;

3                   “(iii) demonstrate a track record of  
4                   designing and implementing successful nu-  
5                   trition incentive programs that connect  
6                   low-income consumers and agricultural  
7                   producers;

8                   “(iv) provide locally or regionally pro-  
9                   duced fruits and vegetables;

10                  “(v) are located in underserved com-  
11                  munities; or

12                  “(vi) address other criteria as estab-  
13                  lished by the Secretary.

14                  “(3) APPLICABILITY.—

15                  “(A) IN GENERAL.—The value of any ben-  
16                  efit provided to a participant in any activity  
17                  funded under this subsection shall not be con-  
18                  sidered income or resources for any purpose  
19                  under any Federal, State, or local law.

20                  “(B) PROHIBITION ON COLLECTION OF  
21                  SALES TAXES.—Each State shall ensure that no  
22                  State or local tax is collected on a purchase of  
23                  food under this subsection.

24                  “(C) NO LIMITATION ON BENEFITS.—A  
25                  grant made available under this subsection shall

1 not be used to carry out any project that limits  
2 the use of benefits under the Food and Nutri-  
3 tion Act of 2008 (7 U.S.C. 2011 et seq.) or any  
4 other Federal nutrition law.

5 “(D) HOUSEHOLD ALLOTMENT.—Assist-  
6 ance provided under this subsection to house-  
7 holds receiving benefits under the supplemental  
8 nutrition assistance program shall not—

9 “(i) be considered part of the supple-  
10 mental nutrition assistance program bene-  
11 fits of the household; or

12 “(ii) be used in the collection or dis-  
13 position of claims under section 13 of the  
14 Food and Nutrition Act of 2008 (7 U.S.C.  
15 2022).

16 “(4) EVALUATION.—

17 “(A) INDEPENDENT EVALUATION.—The  
18 Secretary shall provide for an independent eval-  
19 uation of projects selected under this subsection  
20 that measures the impact of each project on—

21 “(i) improving the nutrition and  
22 health status of participating households  
23 receiving incentives under this subsection;  
24 and



1 **SEC. 4206. HEALTHY FOOD FINANCING INITIATIVE.**

2 (a) IN GENERAL.—Subtitle D of title II of the De-  
3 partment of Agriculture Reorganization Act of 1994 (7  
4 U.S.C. 6951 et seq.) is amended by adding at the end  
5 the following:

6 **“SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

7 “(a) PURPOSE.—The purpose of this section is to en-  
8 hance the authorities of the Secretary to support efforts  
9 to provide access to healthy food by establishing an initia-  
10 tive to improve access to healthy foods in underserved  
11 areas, to create and preserve quality jobs, and to revitalize  
12 low-income communities by providing loans and grants to  
13 eligible fresh, healthy food retailers to overcome the higher  
14 costs and initial barriers to entry in underserved areas.

15 “(b) DEFINITIONS.—In this section:

16 “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-  
17 STITUTION.—The term ‘community development fi-  
18 nancial institution’ has the meaning given the term  
19 in section 103 of the Community Development  
20 Banking and Financial Institutions Act of 1994 (12  
21 U.S.C. 4702).

22 “(2) INITIATIVE.—The term ‘Initiative’ means  
23 the Healthy Food Financing Initiative established  
24 under subsection (c)(1).

1           “(3) NATIONAL FUND MANAGER.—The term  
2           ‘national fund manager’ means a community devel-  
3           opment financial institution that is—

4                   “(A) in existence on the date of enactment  
5                   of this section; and

6                   “(B) certified by the Community Develop-  
7                   ment Financial Institution Fund of the Depart-  
8                   ment of Treasury to manage the Initiative for  
9                   purposes of—

10                           “(i) raising private capital;

11                           “(ii) providing financial and technical  
12                           assistance to partnerships; and

13                           “(iii) funding eligible projects to at-  
14                           tract fresh, healthy food retailers to under-  
15                           served areas, in accordance with this sec-  
16                           tion.

17           “(4) PARTNERSHIP.—The term ‘partnership’  
18           means a regional, State, or local public-private part-  
19           nership that—

20                   “(A) is organized to improve access to  
21                   fresh, healthy foods;

22                   “(B) provides financial and technical as-  
23                   sistance to eligible projects; and

24                   “(C) meets such other criteria as the Sec-  
25                   retary may establish.

1           “(5) PERISHABLE FOOD.—The term ‘perishable  
2 food’ means a staple food that is fresh, refrigerated,  
3 or frozen.

4           “(6) QUALITY JOB.—The term ‘quality job’  
5 means a job that provides wages and other benefits  
6 comparable to, or better than, similar positions in  
7 existing businesses of similar size in similar local  
8 economies.

9           “(7) STAPLE FOOD.—

10           “(A) IN GENERAL.—The term ‘staple food’  
11 means food that is a basic dietary item.

12           “(B) INCLUSIONS.—The term ‘staple food’  
13 includes—

14           “(i) bread;

15           “(ii) flour;

16           “(iii) fruits;

17           “(iv) vegetables; and

18           “(v) meat.

19           “(c) INITIATIVE.—

20           “(1) ESTABLISHMENT.—The Secretary shall es-  
21 tablish an initiative to achieve the purpose described  
22 in subsection (a) in accordance with this subsection.

23           “(2) IMPLEMENTATION.—

24           “(A) IN GENERAL.—

1                   “(i) IN GENERAL.—In carrying out  
2                   the Initiative, the Secretary shall provide  
3                   funding to entities with eligible projects, as  
4                   described in subparagraph (B), subject to  
5                   the priorities described in subparagraph  
6                   (C).

7                   “(ii) USE OF FUNDS.—Funds pro-  
8                   vided to an entity pursuant to clause (i)  
9                   shall be used—

10                   “(I) to create revolving loan pools  
11                   of capital or other products to provide  
12                   loans to finance eligible projects or  
13                   partnerships;

14                   “(II) to provide grants for eligi-  
15                   ble projects or partnerships;

16                   “(III) to provide technical assist-  
17                   ance to funded projects and entities  
18                   seeking Initiative funding; and

19                   “(IV) to cover administrative ex-  
20                   penses of the national fund manager  
21                   in an amount not to exceed 10 per-  
22                   cent of the Federal funds provided.

23                   “(B) ELIGIBLE PROJECTS.—Subject to the  
24                   approval of the Secretary, the national fund  
25                   manager shall establish eligibility criteria for

1 projects under the Initiative, which shall include  
2 the existence or planned execution of agree-  
3 ments—

4 “(i) to expand or preserve the avail-  
5 ability of staple foods in underserved areas  
6 with moderate- and low-income populations  
7 by maintaining or increasing the number  
8 of retail outlets that offer an assortment of  
9 perishable food and staple food items, as  
10 determined by the Secretary, in those  
11 areas; and

12 “(ii) to accept benefits under the sup-  
13 plemental nutrition assistance program es-  
14 tablished under the Food and Nutrition  
15 Act of 2008 (7 U.S.C. 2011 et seq.).

16 “(C) PRIORITIES.—In carrying out the Ini-  
17 tiative, priority shall be given to projects that—

18 “(i) are located in severely distressed  
19 low-income communities, as defined by the  
20 Community Development Financial Insti-  
21 tutions Fund of the Department of Treas-  
22 ury; and

23 “(ii) include 1 or more of the fol-  
24 lowing characteristics:

1                   “(I) The project will create or re-  
2                   tain quality jobs for low-income resi-  
3                   dents in the community.

4                   “(II) The project supports re-  
5                   gional food systems and locally grown  
6                   foods, to the maximum extent prac-  
7                   ticable.

8                   “(III) In areas served by public  
9                   transit, the project is accessible by  
10                  public transit.

11                  “(IV) The project involves  
12                  women- or minority-owned businesses.

13                  “(V) The project receives funding  
14                  from other sources, including other  
15                  Federal agencies.

16                  “(VI) The project otherwise ad-  
17                  vances the purpose of this section, as  
18                  determined by the Secretary.

19                  “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
20                  is authorized to be appropriated to the Secretary to carry  
21                  out this section \$125,000,000, to remain available until  
22                  expended.”.

23                  (b) CONFORMING AMENDMENT.—Section 296(b) of  
24                  the Department of Agriculture Reorganization Act of

1 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d))  
2 is amended—

3 (1) in paragraph (7), by striking “or” at the  
4 end;

5 (2) in paragraph (8), by striking the period at  
6 the end and inserting “; or”; and

7 (3) by adding at the end the following:

8 “(9) the authority of the Secretary to establish  
9 and carry out the Health Food Financing Initiative  
10 under section 242.”.

11 **TITLE V—CREDIT [COMPLETE**  
12 **SUBSTITUTE AMENDMENT]**  
13 **Subtitle A—Farmer Loans, Serv-**  
14 **icing, and Other Assistance**  
15 **Under the Consolidated Farm**  
16 **and Rural Development Act**

17 **SEC. 5001. FARMER LOANS, SERVICING, AND OTHER ASSIST-**  
18 **ANCE UNDER THE CONSOLIDATED FARM AND**  
19 **RURAL DEVELOPMENT ACT.**

20 The Consolidated Farm and Rural Development Act  
21 (as amended by section 6001) is amended by inserting  
22 after section 3002 the following:

1           **“Subtitle A—Farmer Loans,**  
2           **Servicing, and Other Assistance**

3           **“CHAPTER 1—FARM OWNERSHIP LOANS**

4           **“SEC. 3101. FARM OWNERSHIP LOANS.**

5           “(a) IN GENERAL.—The Secretary may make or  
6 guarantee a farm ownership loan under this chapter to  
7 an eligible farmer.

8           “(b) ELIGIBILITY.—A farmer shall be eligible under  
9 subsection (a) only—

10                   “(1) if the farmer, or an individual holding a  
11 majority interest in the farmer—

12                           “(A) is a citizen of the United States; and

13                           “(B) in the case of a direct loan, has train-  
14 ing or farming experience that the Secretary  
15 determines is sufficient to ensure a reasonable  
16 prospect of success in the farming operation  
17 proposed by the farmer;

18                   “(2)(A) in the case of a farmer that is an indi-  
19 vidual, if the farmer is or proposes to become an  
20 owner and operator of a farm that is not larger than  
21 a family farm; or

22                           “(B) in the case of a lessee-operator of a farm  
23 located in the State of Hawaii, if the Secretary de-  
24 termines that—

1           “(i) the farm is not larger than a family  
2 farm;

3           “(ii) the farm cannot be acquired in fee  
4 simple by the lessee-operator;

5           “(iii) adequate security is provided for the  
6 loan with respect to the farm for which the les-  
7 see-operator applies under this chapter; and

8           “(iv) there is a reasonable probability of  
9 accomplishing the objectives and repayment of  
10 the loan;

11          “(3) in the case of a farmer that is a coopera-  
12 tive, corporation, partnership, trust, limited liability  
13 company, joint operation, or such other legal entity  
14 as the Secretary determines to be appropriate, with  
15 respect to the entity and each farm in which the en-  
16 tity has an ownership or operator interest—

17           “(A) if—

18           “(i) a majority interest is held by in-  
19 dividuals who are related by blood or mar-  
20 riage, as defined by the Secretary;

21           “(ii) all of the individuals are or pro-  
22 pose to become owners or operators of a  
23 farm that is not larger than a family farm;  
24 and

1                   “(iii) at least 1 of the individuals is or  
2                   proposes to become an operator of the  
3                   farm; or

4                   “(B) if—

5                   “(i) the entire interest is held by indi-  
6                   viduals who are related by blood or mar-  
7                   riage, as defined by the Secretary;

8                   “(ii) all of the individuals are or pro-  
9                   pose to become farm operators; and

10                   “(iii) the ownership interest of each  
11                   individual separately constitutes not larger  
12                   than a family farm, even if the ownership  
13                   interests of the individuals collectively con-  
14                   stitute larger than a family farm;

15                   “(4) in the case of an entity that is, or will be-  
16                   come within a reasonable period of time, as deter-  
17                   mined by the Secretary, only the operator of a fam-  
18                   ily farm, if the 1 or more individuals who are the  
19                   owners of the family farm own—

20                   “(A) a percentage of the family farm that  
21                   exceeds 50 percent; or

22                   “(B) such other percentage as the Sec-  
23                   retary determines to be appropriate;

24                   “(5) in the case of an operator described in  
25                   paragraph (3) that is owned, in whole or in part, by

1       1 or more other entities, if each of the individuals  
2       that have a direct or indirect ownership interest in  
3       such other entities also have a direct ownership in-  
4       terest in the entity applying as an individual; and

5           “(6) if the farmer and each individual that  
6       holds a majority interest in the farmer is unable to  
7       obtain credit elsewhere.

8       “(c) DIRECT LOANS.—

9           “(1) IN GENERAL.—Subject to paragraph (2),  
10       the Secretary may make a direct loan under this  
11       chapter only to a farmer who has participated in  
12       business operations of a farm for not less than 3  
13       years (or has other acceptable experience for a pe-  
14       riod of time determined by the Secretary) and—

15           “(A) is a qualified beginning farmer;

16           “(B) has not received a previous direct  
17       farm ownership loan made under this chapter;  
18       or

19           “(C) has not received a direct farm owner-  
20       ship loan under this chapter more than 10  
21       years before the date on which the new loan  
22       would be made.

23       “(2) YOUTH LOANS.—The operation of an en-  
24       terprise by a youth under section 3201(d) shall not

1 be considered the operation of a farm for purposes  
2 of paragraph (1).

3 **“SEC. 3102. PURPOSES OF LOANS.**

4 “(a) ALLOWED PURPOSES.—

5 “(1) DIRECT LOANS.—A farmer may use a di-  
6 rect loan made under this chapter only—

7 “(A) to acquire or enlarge a farm;

8 “(B) to make capital improvements to a  
9 farm;

10 “(C) to pay loan closing costs related to  
11 acquiring, enlarging, or improving a farm;

12 “(D) to pay for activities to promote soil  
13 and water conservation and protection described  
14 in section 3103 on a farm; or

15 “(E) to refinance a temporary bridge loan  
16 made by a commercial or cooperative lender to  
17 a farmer or rancher for the acquisition of land  
18 for a farm or ranch, if—

19 “(i) the Secretary approved an appli-  
20 cation for a direct farm ownership loan to  
21 the farmer or rancher for acquisition of the  
22 land; and

23 “(ii) funds for direct farm ownership  
24 loans under section 3201(a) were not avail-

1           able at the time at which the application  
2           was approved.

3           “(2) GUARANTEED LOANS.—A farmer may use  
4           a loan guaranteed under this chapter only—

5           “(A) to acquire or enlarge a farm;

6           “(B) to make capital improvements to a  
7           farm;

8           “(C) to pay loan closing costs related to  
9           acquiring, enlarging, or improving a farm;

10          “(D) to pay for activities to promote soil  
11          and water conservation and protection described  
12          in section 3103 on a farm; or

13          “(E) to refinance indebtedness.

14          “(b) PREFERENCES.—In making or guaranteeing a  
15          loan under this chapter for purchase of a farm, the Sec-  
16          retary shall give preference to a person who—

17          “(1) has a dependent family;

18          “(2) to the extent practicable, is able to make  
19          an initial down payment on the farm; or

20          “(3) is an owner of livestock or farm equipment  
21          that is necessary to successfully carry out farming  
22          operations.

23          “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-  
24          retary may not make a loan to a farmer under this chapter  
25          unless the farmer has, or agrees to obtain, hazard insur-

1    ance on any real property to be acquired or improved with  
2    the loan.

3    **“SEC. 3103. CONSERVATION LOAN AND LOAN GUARANTEE**  
4                   **PROGRAM.**

5           “(a) IN GENERAL.—The Secretary may make or  
6    guarantee qualified conservation loans to eligible bor-  
7    rowers under this section.

8           “(b) DEFINITIONS.—In this section:

9                   “(1) CONSERVATION PLAN.—The term ‘con-  
10    servation plan’ means a plan, approved by the Sec-  
11    retary, that, for a farming operation, identifies the  
12    conservation activities that will be addressed with  
13    loan funds provided under this section, including—

14                           “(A) the installation of conservation struc-  
15                           tures to address soil, water, and related re-  
16                           sources;

17                           “(B) the establishment of forest cover for  
18                           sustained yield timber management, erosion  
19                           control, or shelter belt purposes;

20                           “(C) the installation of water conservation  
21                           measures;

22                           “(D) the installation of waste management  
23                           systems;

24                           “(E) the establishment or improvement of  
25                           permanent pasture;

1           “(F) compliance with section 1212 of the  
2           Food Security Act of 1985 (16 U.S.C. 3812);  
3           and

4           “(G) other purposes consistent with the  
5           plan, including the adoption of any other  
6           emerging or existing conservation practices,  
7           techniques, or technologies approved by the Sec-  
8           retary.

9           “(2) QUALIFIED CONSERVATION LOAN.—The  
10          term ‘qualified conservation loan’ means a loan, the  
11          proceeds of which are used to cover the costs to the  
12          borrower of carrying out a qualified conservation  
13          project.

14          “(3) QUALIFIED CONSERVATION PROJECT.—  
15          The term ‘qualified conservation project’ means con-  
16          servation measures that address provisions of a con-  
17          servation plan of the eligible borrower.

18          “(c) ELIGIBILITY.—

19                 “(1) IN GENERAL.—The Secretary may make  
20                 or guarantee loans to farmers.

21                 “(2) REQUIREMENTS.—To be eligible for a loan  
22                 under this section, applicants shall meet the citizen-  
23                 ship and training and experience requirements of  
24                 section 3101(b).

1           “(d) PRIORITY.—In making or guaranteeing loans  
2 under this section, the Secretary shall give priority to—

3                   “(1) qualified beginning farmers and socially  
4 disadvantaged farmers or ranchers;

5                   “(2) owners or tenants who use the loans to  
6 convert to sustainable or organic agricultural pro-  
7 duction systems; and

8                   “(3) producers who use the loans to build con-  
9 servation structures or establish conservation prac-  
10 tices to comply with section 1212 of the Food Secu-  
11 rity Act of 1985 (16 U.S.C. 3812).

12           “(e) LIMITATIONS APPLICABLE TO LOAN GUARAN-  
13 TEES.—The portion of a loan that the Secretary may  
14 guarantee under this section shall not exceed 75 percent  
15 of the principal amount of the loan.

16           “(f) ADMINISTRATIVE PROVISIONS.—The Secretary  
17 shall ensure, to the maximum extent practicable, that  
18 loans made or guaranteed under this section are distrib-  
19 uted across diverse geographic regions.

20           “(g) CREDIT ELIGIBILITY.—The provisions of para-  
21 graphs (1) and (3) of section 3406(a) shall not apply to  
22 loans made or guaranteed under this section.

23           “(h) AUTHORIZATION OF APPROPRIATIONS.—For  
24 each of fiscal years 2012 through 2017, there are author-

1 ized to be appropriated to the Secretary such sums as are  
2 necessary to carry out this section.

3 **“SEC. 3104. LOAN MAXIMUMS.**

4 “(a) MAXIMUM.—

5 “(1) IN GENERAL.—The Secretary shall make  
6 or guarantee no loan under sections 3101, 3102,  
7 3103, 3106, and 3107 that would cause the unpaid  
8 indebtedness under those sections of any 1 borrower  
9 to exceed the lesser of—

10 “(A) the value of the farm or other secu-  
11 rity, or

12 “(B)(i) in the case of a loan made by the  
13 Secretary, \$300,000; or

14 “(ii) in the case of a loan guaranteed by  
15 the Secretary, \$700,000 (as modified under  
16 paragraph (2)).

17 “(2) MODIFICATION.—The amount specified in  
18 paragraph (1)(B)(ii) shall be—

19 “(A) increased, beginning with fiscal year  
20 2000, by the inflation percentage applicable to  
21 the fiscal year in which the loan is guaranteed;  
22 and

23 “(B) reduced by the amount of any unpaid  
24 indebtedness of the borrower on loans under  
25 chapter 2 that are guaranteed by the Secretary.

1           “(b) DETERMINATION OF VALUE.—In determining  
2 the value of the farm, the Secretary shall consider apprais-  
3 als made by competent appraisers under rules established  
4 by the Secretary.

5           “(c) INFLATION PERCENTAGE.—For purposes of this  
6 section, the inflation percentage applicable to a fiscal year  
7 is the percentage (if any) by which—

8                   “(1) the average of the Prices Paid By Farmers  
9 Index (as compiled by the National Agricultural Sta-  
10 tistics Service of the Department) for the 12-month  
11 period ending on August 31 of the immediately pre-  
12 ceding fiscal year; exceeds

13                   “(2) the average of that index (as so defined)  
14 for the 12-month period ending on August 31, 1996.

15 **“SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM OWN-**  
16 **ERSHIP LOANS.**

17           “(a) PERIOD FOR REPAYMENT.—The period for re-  
18 payment of a loan under this chapter shall not exceed 40  
19 years.

20           “(b) INTEREST RATES.—

21                   “(1) IN GENERAL.—Except as otherwise pro-  
22 vided in this title, the interest rate on a loan under  
23 this chapter shall be determined by the Secretary at  
24 a rate—

1           “(A) not to exceed the sum obtained by  
2           adding—

3                   “(i) the current average market yield  
4                   on outstanding marketable obligations of  
5                   the United States with remaining periods  
6                   to maturity comparable to the average ma-  
7                   turity of the loan; and

8                   “(ii) an amount not to exceed 1 per-  
9                   cent, as determined by the Secretary; and

10           “(B) adjusted to the nearest  $\frac{1}{8}$  of 1 per-  
11           cent.

12           “(2) LOW INCOME FARM OWNERSHIP LOANS.—  
13           Except as provided in paragraph (3), the interest  
14           rate on a loan (other than a guaranteed loan) under  
15           section 3106 shall be determined by the Secretary at  
16           a rate that is—

17                   “(A) not greater than the sum obtained by  
18                   adding—

19                   “(i) an amount that does not exceed  
20                    $\frac{1}{2}$  of the current average market yield on  
21                   outstanding marketable obligations of the  
22                   United States with maturities of 5 years;  
23                   and

1                   “(ii) an amount not to exceed 1 per-  
2                   cent per year, as the Secretary determines  
3                   is appropriate; and

4                   “(B) not less than 5 percent per year.

5                   “(3) JOINT FINANCING ARRANGEMENT.—If a  
6                   direct farm ownership loan is made under this chap-  
7                   ter as part of a joint financing arrangement and the  
8                   amount of the direct farm ownership loan does not  
9                   exceed 50 percent of the total principal amount fi-  
10                  nanced under the arrangement, the interest rate on  
11                  the direct farm ownership loan shall be at least 4  
12                  percent annually.

13                  “(4) GUARANTEED LOANS.—The interest rate  
14                  on a loan made under this chapter as a guaranteed  
15                  loan shall be such rate as may be agreed on by the  
16                  borrower and the lender, but not in excess of any  
17                  rate determined by the Secretary.

18                  “(c) PAYMENT OF CHARGES.—A borrower of a loan  
19                  made or guaranteed under this chapter shall pay such fees  
20                  and other charges as the Secretary may require, and pre-  
21                  pay to the Secretary such taxes and insurance as the Sec-  
22                  retary may require, on such terms and conditions as the  
23                  Secretary may prescribe.

24                  “(d) SECURITY.—

1           “(1) IN GENERAL.—The Secretary shall take as  
2 security for an obligation entered into in connection  
3 with a loan, a mortgage on a farm with respect to  
4 which the loan is made or such other security as the  
5 Secretary may require.

6           “(2) LIENS TO UNITED STATES.—An instru-  
7 ment for security under paragraph (1) may con-  
8 stitute a lien running to the United States notwith-  
9 standing the fact that the note for the security may  
10 be held by a lender other than the United States.

11           “(3) MULTIPLE LOANS.—A borrower may use  
12 the same collateral to secure 2 or more loans made  
13 or guaranteed under this chapter, except that the  
14 outstanding amount of the loans may not exceed the  
15 total value of the collateral.

16           “(e) MINERAL RIGHTS AS COLLATERAL.—

17           “(1) IN GENERAL.—In the case of a farm own-  
18 ership loan made after December 23, 1985, unless  
19 appraised values of the rights to oil, gas, or other  
20 minerals are specifically included as part of the ap-  
21 praised value of collateral securing the loan, the  
22 rights to oil, gas, or other minerals located under  
23 the property shall not be considered part of the col-  
24 lateral securing the loan.

1           “(2) COMPENSATORY PAYMENTS.—Nothing in  
2 this subsection prevents the inclusion of, as part of  
3 the collateral securing the loan, any payment or  
4 other compensation the borrower may receive for  
5 damages to the surface of the collateral real estate  
6 resulting from the exploration for or recovery of  
7 minerals.

8           “(f) ADDITIONAL COLLATERAL.—The Secretary may  
9 not—

10           “(1) require any borrower to provide additional  
11 collateral to secure a farmer program loan made or  
12 guaranteed under this subtitle, if the borrower is  
13 current in the payment of principal and interest on  
14 the loan; or

15           “(2) bring any action to foreclose, or otherwise  
16 liquidate, the loan as a result of the failure of a bor-  
17 rower to provide additional collateral to secure the  
18 loan, if the borrower was current in the payment of  
19 principal and interest on the loan at the time the ad-  
20 ditional collateral was requested.

21 **“SEC. 3106. LIMITED-RESOURCE LOANS.**

22           “(a) IN GENERAL.—The Secretary may make or  
23 guarantee a limited-resource loan for any of the purposes  
24 specified in sections 3102(a) or 3103(a) to a farmer in  
25 the United States who—

1           “(1) in the case of an entity, all members,  
2           stockholders, or partners are eligible under section  
3           3101(b);

4           “(2) has a low income; and

5           “(3) demonstrates a need to maximize the in-  
6           come of the farmer from farming operations.

7           “(b) INSTALLMENTS.—A loan made or guaranteed  
8           under this section shall be repayable in such installments  
9           as the Secretary determines will provide for reduced pay-  
10          ments during the initial repayment period of the loan and  
11          larger payments during the remainder of the repayment  
12          period of the loan.

13          “(c) INTEREST RATES.—Except as provided in sec-  
14          tion 3105(b)(3) and in section 3204(b)(3), the interest  
15          rate on loans (other than guaranteed loans) under this  
16          section shall not be—

17                 “(1) greater than the sum obtained by add-  
18                 ing—

19                         “(A) an amount that does not exceed  $\frac{1}{2}$  of  
20                         the current average market yield on out-  
21                         standing marketable obligations of the United  
22                         States with maturities of 5 years; and

23                         “(B) an amount not exceeding 1 percent  
24                         per year, as the Secretary determines is appro-  
25                         priate; or

1           “(2) less than 5 percent per year.

2   **“SEC. 3107. DOWNPAYMENT LOAN PROGRAM.**

3           “(a) IN GENERAL.—

4           “(1) ESTABLISHMENT.—Notwithstanding any  
5 other provision of this chapter, the Secretary shall  
6 establish, under the farm ownership loan program  
7 established under this chapter, a program under  
8 which loans shall be made under this section to a  
9 qualified beginning farmer for a downpayment on a  
10 farm ownership loan.

11           “(2) COORDINATION.—The Secretary shall be  
12 the primary coordinator of credit supervision for the  
13 downpayment loan program established under this  
14 section, in consultation with a commercial or cooper-  
15 ative lender and, if applicable, a contracting credit  
16 counseling service selected under section 3420(c).

17           “(b) LOAN TERMS.—

18           “(1) PRINCIPAL.—Each loan made under this  
19 section shall be in an amount that does not exceed  
20 45 percent of the lesser of—

21           “(A) the purchase price of the farm or  
22 ranch to be acquired;

23           “(B) the appraised value of the farm or  
24 ranch to be acquired; or

25           “(C) \$667,000.

1           “(2) INTEREST RATE.—The interest rate on  
2 any loan made by the Secretary under this section  
3 shall be a rate equal to the greater of—

4                   “(A) the difference between—

5                           “(i) 4 percent; and

6                           “(ii) the interest rate for farm owner-  
7 ship loans under this chapter; or

8                   “(B) 1.5 percent.

9           “(3) DURATION.—Each loan under this section  
10 shall be made for a period of 20 years or less, at the  
11 option of the borrower.

12           “(4) REPAYMENT.—Each borrower of a loan  
13 under this section shall repay the loan to the Sec-  
14 retary in equal annual installments.

15           “(5) NATURE OF RETAINED SECURITY INTER-  
16 EST.—The Secretary shall retain an interest in each  
17 farm acquired with a loan made under this section  
18 that shall—

19                   “(A) be secured by the farm;

20                   “(B) be junior only to such interests in the  
21 farm as may be conveyed at the time of acquisi-  
22 tion to the person (including a lender) from  
23 whom the borrower obtained a loan used to ac-  
24 quire the farm; and

1           “(C) require the borrower to obtain the  
2           permission of the Secretary before the borrower  
3           may grant an additional security interest in the  
4           farm.

5           “(c) LIMITATIONS.—

6           “(1) BORROWERS REQUIRED TO MAKE MIN-  
7           IMUM DOWN PAYMENT.—The Secretary shall not  
8           make a loan under this section to any borrower with  
9           respect to a farm if the contribution of the borrower  
10          to the down payment on the farm will be less than  
11          5 percent of the purchase price of the farm.

12          “(2) PROHIBITED TYPES OF FINANCING.—The  
13          Secretary shall not make a loan under this section  
14          with respect to a farm if the farm is to be acquired  
15          with other financing that contains any of the fol-  
16          lowing conditions:

17                  “(A) The financing is to be amortized over  
18                  a period of less than 30 years.

19                  “(B) A balloon payment will be due on the  
20                  financing during the 20-year period beginning  
21                  on the date on which the loan is to be made by  
22                  the Secretary.

23          “(d) ADMINISTRATION.—In carrying out this section,  
24          the Secretary shall, to the maximum extent practicable—

1           “(1) facilitate the transfer of farms from retir-  
2           ing farmers to persons eligible for insured loans  
3           under this subtitle;

4           “(2) make efforts to widely publicize the avail-  
5           ability of loans under this section among—

6                   “(A) potentially eligible recipients of the  
7           loans;

8                   “(B) retiring farmers; and

9                   “(C) applicants for farm ownership loans  
10           under this chapter;

11           “(3) encourage retiring farmers to assist in the  
12           sale of their farms to qualified beginning farmers  
13           and socially disadvantaged farmers providing seller  
14           financing;

15           “(4) coordinate the loan program established by  
16           this section with State programs that provide farm  
17           ownership or operating loans for beginning farmers  
18           or socially disadvantaged farmers; and

19           “(5) establish annual performance goals to pro-  
20           mote the use of the down payment loan program and  
21           other joint financing arrangements as the preferred  
22           choice for direct real estate loans made by any lend-  
23           er to a qualified beginning farmer or socially dis-  
24           advantaged farmer.

1 **“SEC. 3108. BEGINNING FARMER OR RANCHER AND SO-**  
2 **cially Disadvantaged Farmer or**  
3 **RANCHER CONTRACT LAND SALES PROGRAM.**

4 “(a) IN GENERAL.—The Secretary shall, in accord-  
5 ance with this section, guarantee a loan made by a private  
6 seller of a farm or ranch to a qualified beginning farmer  
7 or rancher or socially disadvantaged farmer or rancher on  
8 a contract land sales basis.

9 “(b) ELIGIBILITY.—To be eligible for a loan guar-  
10 antee under subsection (a)—

11 “(1) the qualified beginning farmer or rancher  
12 or socially disadvantaged farmer or rancher shall—

13 “(A) on the date the contract land sale  
14 that is subject of the loan is complete, own and  
15 operate the farm or ranch that is the subject of  
16 the contract land sale;

17 “(B) have a credit history that—

18 “(i) includes a record of satisfactory  
19 debt repayment, as determined by the Sec-  
20 retary; and

21 “(ii) is acceptable to the Secretary;  
22 and

23 “(C) demonstrate to the Secretary that the  
24 farmer or rancher, as applicable, is unable to  
25 obtain sufficient credit without a guarantee to  
26 finance any actual need of the farmer or ranch-

1           er, as applicable, at a reasonable rate or term;  
2           and

3           “(2) the loan shall meet applicable underwriting  
4           criteria, as determined by the Secretary.

5           “(c) LIMITATIONS.—The Secretary shall not provide  
6 a loan guarantee under subsection (a) if—

7           “(1) the contribution of the qualified beginning  
8           farmer or rancher or socially disadvantaged farmer  
9           or rancher to the down payment for the farm or  
10          ranch that is the subject of the contract land sale  
11          would be less than 5 percent of the purchase price  
12          of the farm or ranch; or

13          “(2) the purchase price or the appraisal value  
14          of the farm or ranch that is the subject of the con-  
15          tract land sale is greater than \$500,000.

16          “(d) PERIOD OF GUARANTEE.—A loan guarantee  
17          under this section shall be in effect for the 10-year period  
18          beginning on the date on which the guarantee is provided.

19          “(e) GUARANTEE PLAN.—

20                 “(1) SELECTION OF PLAN.—A private seller of  
21                 a farm or ranch who makes a loan guaranteed by  
22                 the Secretary under subsection (a) may select—

23                         “(A) a prompt payment guarantee plan,  
24                         which shall cover—

1 “(i) 3 amortized annual installments;

2 or

3 “(ii) an amount equal to 3 annual in-  
4 stallments (including an amount equal to  
5 the total cost of any tax and insurance in-  
6 curred during the period covered by the  
7 annual installments); or

8 “(B) a standard guarantee plan, which  
9 shall cover an amount equal to 90 percent of  
10 the outstanding principal of the loan.

11 “(2) ELIGIBILITY FOR STANDARD GUARANTEE  
12 PLAN.—To be eligible for a standard guarantee plan  
13 referred to in paragraph (1)(B), a private seller  
14 shall—

15 “(A) secure a commercial lending institu-  
16 tion or similar entity, as determined by the Sec-  
17 retary, to serve as an escrow agent; or

18 “(B) in cooperation with the farmer or  
19 rancher, use an appropriate alternate arrange-  
20 ment, as determined by the Secretary.

## 21 **“CHAPTER 2—OPERATING LOANS**

### 22 **“SEC. 3201. OPERATING LOANS.**

23 “(a) IN GENERAL.—The Secretary may make or  
24 guarantee an operating loan under this chapter to an eligi-  
25 ble farmer in the United States.

1           “(b) ELIGIBILITY.—A farmer shall be eligible under  
2 subsection (a) only—

3           “(1) if the farmer, or an individual holding a  
4 majority interest in the farmer—

5           “(A) is a citizen of the United States; and

6           “(B) has training or farming experience  
7 that the Secretary determines is sufficient to  
8 ensure a reasonable prospect of success in the  
9 farming operation proposed by the farmer;

10          “(2) in the case of a farmer that is an indi-  
11 vidual, if the farmer is or proposes to become an op-  
12 erator of a farm that is not larger than a family  
13 farm;

14          “(3) in the case of a farmer that is a coopera-  
15 tive, corporation, partnership, trust, limited liability  
16 company, joint operation, or other such legal entity  
17 as the Secretary determines to be appropriate, with  
18 respect to the entity and each farm in which the en-  
19 tity has an ownership or operator interest—

20           “(A) if—

21           “(i) a majority interest is held by in-  
22 dividuals who are related by blood or mar-  
23 riage, as defined by the Secretary;

24           “(ii) all of the individuals are or pro-  
25 pose to become owners or operators of a

1 farm that is not larger than a family farm;

2 and

3 “(iii) at least 1 of the individuals is or  
4 proposes to become an operator of the  
5 farm; or

6 “(B) if—

7 “(i) the entire interest is held by indi-  
8 viduals who are related by blood or mar-  
9 riage, as defined by the Secretary;

10 “(ii) all of the individuals are or pro-  
11 pose to become farm operators; and

12 “(iii) the ownership interest of each  
13 individual separately constitutes not larger  
14 than a family farm, even if the ownership  
15 interests of the individuals collectively con-  
16 stitute larger than a family farm;

17 “(4) in the case of an operator described in  
18 paragraph (3) that is owned, in whole or in part by  
19 1 or more other entities, if not less than 75 percent  
20 of the ownership interests of each other entity is  
21 owned directly or indirectly by 1 or more individuals  
22 who own the family farm; and

23 “(5) if the farmer and each individual that  
24 holds a majority interest in the farmer is unable to  
25 obtain credit elsewhere.

1       “(c) DIRECT LOANS.—

2               “(1) IN GENERAL.—Subject to paragraph (3),  
3       the Secretary may make a direct loan under this  
4       chapter only to a farmer who—

5               “(A) is a qualified beginning farmer;

6               “(B) has not received a previous direct op-  
7       erating loan made under this chapter; or

8               “(C) has not received a direct operating  
9       loan made under this chapter for a total of 7  
10       years, less 1 year for every 3 consecutive years  
11       the farmer or rancher did not receive a direct  
12       operating loan after the year in which the bor-  
13       rower initially received a direct operating loan  
14       under this chapter, as determined by the Sec-  
15       retary.

16              “(2) YOUTH LOANS.—In this subsection, the  
17       term ‘direct operating loan’ shall not include a loan  
18       made to a youth under subsection (d).

19              “(3) TRANSITION RULE.—If, as of April 4,  
20       1996, a farmer has received a direct operating loan  
21       under this chapter during each of 4 or more pre-  
22       vious years, the borrower shall be eligible to receive  
23       a direct operating loan under this chapter during 3  
24       additional years after April 4, 1996.

25              “(4) WAIVERS.—

1           “(A) FARM OPERATIONS ON TRIBAL  
2 LAND.—The Secretary shall waive the limita-  
3 tion under paragraph (1)(C) or (3) for a direct  
4 loan made under this chapter to a farmer whose  
5 farm land is subject to the jurisdiction of an In-  
6 dian tribe and whose loan is secured by 1 or  
7 more security instruments that are subject to  
8 the jurisdiction of an Indian tribe if the Sec-  
9 retary determines that commercial credit is not  
10 generally available for such farm operations.

11           “(B) OTHER FARM OPERATIONS.—On a  
12 case-by-case determination not subject to ad-  
13 ministrative appeal, the Secretary may grant a  
14 borrower a waiver, 1 time only for a period of  
15 2 years, of the limitation under paragraph  
16 (1)(C) or (3) for a direct operating loan if the  
17 borrower demonstrates to the satisfaction of the  
18 Secretary that—

19                   “(i) the borrower has a viable farm  
20 operation;

21                   “(ii) the borrower applied for commer-  
22 cial credit from at least 2 commercial lend-  
23 ers;

1           “(iii) the borrower was unable to ob-  
2           tain a commercial loan (including a loan  
3           guaranteed by the Secretary); and

4           “(iv) the borrower successfully has  
5           completed, or will complete within 1 year,  
6           borrower training under section 3419  
7           (from which requirement the Secretary  
8           shall not grant a waiver under section  
9           3419(f)).

10       “(d) YOUTH LOANS.—

11           “(1) IN GENERAL.—Notwithstanding subsection  
12           (b), except for citizenship and credit requirements, a  
13           loan may be made under this chapter to a youth who  
14           is a rural resident to enable the youth to operate an  
15           enterprise in connection with the participation in a  
16           youth organization, as determined by the Secretary.

17           “(2) FULL PERSONAL LIABILITY.—A youth re-  
18           ceiving a loan under this subsection who executes a  
19           promissory note for the loan shall incur full personal  
20           liability for the indebtedness evidenced by the note,  
21           in accordance with the terms of the note, free of any  
22           disability of minority.

23           “(3) COSIGNER.—The Secretary may accept the  
24           personal liability of a cosigner of a promissory note

1 for a loan under this subsection, in addition to the  
2 personal liability of the youth borrower.

3 “(4) YOUTH ENTERPRISES NOT FARMING.—The  
4 operation of an enterprise by a youth under this  
5 subsection shall not be considered the operation of  
6 a farm under this subtitle.

7 **“SEC. 3202. PURPOSES OF LOANS.**

8 “(a) DIRECT LOANS.—A direct loan may be made  
9 under this chapter only—

10 “(1) to pay the costs incident to reorganizing a  
11 farm for more profitable operation;

12 “(2) to purchase livestock, poultry, or farm  
13 equipment;

14 “(3) to purchase feed, seed, fertilizer, insecti-  
15 cide, or farm supplies, or to meet other essential  
16 farm operating expenses, including cash rent;

17 “(4) to finance land or water development, use,  
18 or conservation;

19 “(5) to pay loan closing costs;

20 “(6) to assist a farmer in changing the equip-  
21 ment, facilities, or methods of operation of a farm  
22 to comply with a standard promulgated under sec-  
23 tion 6 of the Occupational Safety and Health Act of  
24 1970 (29 U.S.C. 655) or a standard adopted by a  
25 State under a plan approved under section 18 of

1 that Act (29 U.S.C. 667), if the Secretary deter-  
2 mines that without assistance under this paragraph  
3 the farmer is likely to suffer substantial economic in-  
4 jury in complying with the standard;

5 “(7) to train a limited-resource borrower receiv-  
6 ing a loan under section 3106 in maintaining  
7 records of farming operations;

8 “(8) to train a borrower under section 3419;

9 “(9) to refinance the indebtedness of a bor-  
10 rower, if the borrower—

11 “(A) has refinanced a loan under this  
12 chapter not more than 4 times previously; and

13 “(B)(i) is a direct loan borrower under this  
14 title at the time of the refinancing and has suf-  
15 fered a qualifying loss because of a natural or  
16 major disaster or emergency; or

17 “(ii) is refinancing a debt obtained from a  
18 creditor other than the Secretary; or

19 “(10) to provide other farm or home needs, in-  
20 cluding family subsistence.

21 “(b) GUARANTEED LOANS.—A loan may be guaran-  
22 teed under this chapter only—

23 “(1) to pay the costs incident to reorganizing a  
24 farm for more profitable operation;

1           “(2) to purchase livestock, poultry, or farm  
2 equipment;

3           “(3) to purchase feed, seed, fertilizer, insecti-  
4 cide, or farm supplies, or to meet other essential  
5 farm operating expenses, including cash rent;

6           “(4) to finance land or water development, use,  
7 or conservation;

8           “(5) to refinance indebtedness;

9           “(6) to pay loan closing costs;

10           “(7) to assist a farmer in changing the equip-  
11 ment, facilities, or methods of operation of a farm  
12 to comply with a standard promulgated under sec-  
13 tion 6 of the Occupational Safety and Health Act of  
14 1970 (29 U.S.C. 655) or a standard adopted by a  
15 State under a plan approved under section 18 of  
16 that Act (29 U.S.C. 667), if the Secretary deter-  
17 mines that without assistance under this paragraph  
18 the farmer is likely to suffer substantial economic in-  
19 jury due to compliance with the standard;

20           “(8) to train a borrower under section 3419; or

21           “(9) to provide other farm or home needs, in-  
22 cluding family subsistence.

23           “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-  
24 retary may not make a loan to a farmer under this chapter

1 unless the farmer has, or agrees to obtain, hazard insur-  
2 ance on the property to be acquired with the loan.

3 “(d) PRIVATE RESERVE.—

4 “(1) IN GENERAL.—Notwithstanding any other  
5 provision of this title, the Secretary may reserve a  
6 portion of any loan made under this chapter to be  
7 placed in an unsupervised bank account that may be  
8 used at the discretion of the borrower for the basic  
9 family needs of the borrower and the immediate  
10 family of the borrower.

11 “(2) LIMIT ON SIZE OF THE RESERVE.—The  
12 size of the reserve shall not exceed the lesser of—

13 “(A) 10 percent of the loan;

14 “(B) \$5,000; or

15 “(C) the amount needed to provide for the  
16 basic family needs of the borrower and the im-  
17 mediate family of the borrower for 3 calendar  
18 months.

19 **“SEC. 3203. RESTRICTIONS ON LOANS.**

20 “(a) REQUIREMENTS.—

21 “(1) IN GENERAL.—The Secretary may not  
22 make or guarantee a loan under this chapter—

23 “(A) that would cause the total principal  
24 indebtedness outstanding at any 1 time for

1 loans made under this chapter to any 1 bor-  
2 rower to exceed—

3 “(i)(I) in the case of a loan made by  
4 the Secretary, \$300,000; or

5 “(II) in the case of a loan guaranteed  
6 by the Secretary, \$700,000 (as modified  
7 under paragraph (2)); or

8 “(B) for the purchasing or leasing of land  
9 other than for cash rent, or for carrying on a  
10 land leasing or land purchasing program.

11 “(2) MODIFICATION.—The amount specified in  
12 paragraph (1)(A)(ii) shall be—

13 “(A) increased, beginning with fiscal year  
14 2000, by the inflation percentage applicable to  
15 the fiscal year in which the loan is guaranteed;  
16 and

17 “(B) reduced by the unpaid indebtedness  
18 of the borrower on loans under sections speci-  
19 fied in section 3104 that are guaranteed by the  
20 Secretary.

21 “(b) INFLATION PERCENTAGE.—For purposes of this  
22 section, the inflation percentage applicable to a fiscal year  
23 is the percentage (if any) by which—

24 “(1) the average of the Prices Paid By Farmers  
25 Index (as compiled by the National Agricultural Sta-

1           tistics Service of the Department) for the 12-month  
2           period ending on August 31 of the immediately pre-  
3           ceding fiscal year; exceeds

4           “(2) the average of that index (as so defined)  
5           for the 12-month period ending on August 31, 1996.

6   **“SEC. 3204. TERMS OF LOANS.**

7           “(a) **PERSONAL LIABILITY.**—A borrower of a loan  
8           made under this chapter shall secure the loan with the  
9           full personal liability of the borrower and such other secu-  
10          rity as the Secretary may prescribe.

11          “(b) **INTEREST RATES.**—

12           “(1) **MAXIMUM RATE.**—

13           “(A) **IN GENERAL.**—Except as provided in  
14           paragraphs (2) and (3), the interest rate on a  
15           loan made under this chapter (other than a  
16           guaranteed loan) shall be determined by the  
17           Secretary at a rate not to exceed the sum ob-  
18           tained by adding—

19           “(i) the current average market yield  
20           on outstanding marketable obligations of  
21           the United States with remaining periods  
22           to maturity comparable to the average ma-  
23           turity of the loan; and

1                   “(ii) an additional charge not to ex-  
2                   ceed 1 percent, as determined by the Sec-  
3                   retary.

4                   “(B) ADJUSTMENT.—The sum obtained  
5                   under subparagraph (A) shall be adjusted to  
6                   the nearest  $\frac{1}{8}$  of 1 percent.

7                   “(2) GUARANTEED LOAN.—The interest rate on  
8                   a guaranteed loan made under this chapter shall be  
9                   such rate as may be agreed on by the borrower and  
10                  the lender, but may not exceed any rate prescribed  
11                  by the Secretary.

12                  “(3) LOW INCOME LOAN.—The interest rate on  
13                  a direct loan made under this chapter to a low-in-  
14                  come, limited-resource borrower shall be determined  
15                  by the Secretary at a rate that is not—

16                         “(A) greater than the sum obtained by  
17                         adding—

18                                 “(i) an amount that does not exceed  
19                                  $\frac{1}{2}$  of the current average market yield on  
20                                 outstanding marketable obligations of the  
21                                 United States with a maturity of 5 years;  
22                                 and

23                                 “(ii) an amount not to exceed 1 per-  
24                                 cent per year, as the Secretary determines  
25                                 is appropriate; or

1                   “(B) less than 5 percent per year.

2           “(c) PERIOD FOR REPAYMENT.—The period for re-  
3 payment of a loan made under this chapter may not ex-  
4 ceed 7 years.

5           “(d) LINE-OF-CREDIT LOANS.—

6                   “(1) IN GENERAL.—A loan made or guaranteed  
7 by the Secretary under this chapter may be in the  
8 form of a line-of-credit loan.

9                   “(2) TERM.—A line-of-credit loan under para-  
10 graph (1) shall terminate not later than 5 years  
11 after the date that the loan is made or guaranteed.

12                   “(3) ELIGIBILITY.—For purposes of deter-  
13 mining eligibility for an operating loan under this  
14 chapter, each year during which a farmer takes an  
15 advance or draws on a line-of-credit loan the farmer  
16 shall be considered as having received an operating  
17 loan for 1 year.

18                   “(4) TERMINATION OF DELINQUENT LOANS.—  
19 If a borrower does not pay an installment on a line-  
20 of-credit loan on schedule, the borrower may not  
21 take an advance or draw on the line-of-credit, unless  
22 the Secretary determines that—

23                           “(A) the failure of the borrower to pay on  
24 schedule was due to unusual conditions that the  
25 borrower could not control; and

1           “(B) the borrower will reduce the line-of-  
2           credit balance to the scheduled level at the end  
3           of—

4                   “(i) the production cycle; or

5                   “(ii) the marketing of the agricultural  
6           products of the borrower.

7           “(5) AGRICULTURAL COMMODITIES.—A line-of-  
8           credit loan may be used to finance the production or  
9           marketing of an agricultural commodity that is eligi-  
10          ble for a price support program of the Department.

### 11           **“CHAPTER 3—EMERGENCY LOANS**

#### 12          **“SEC. 3301. EMERGENCY LOANS.**

13          “(a) IN GENERAL.—The Secretary shall make or  
14          guarantee an emergency loan under this chapter to an eli-  
15          gible farmer only to the extent and in such amounts as  
16          provided in advance in appropriation Acts.

17          “(b) ELIGIBILITY.—An established farmer shall be  
18          eligible under subsection (a) only—

19                   “(1) if the farmer or an individual holding a  
20          majority interest in the farmer—

21                           “(A) is a citizen of the United States; and

22                           “(B) has experience and resources that the  
23          Secretary determines are sufficient to ensure a  
24          reasonable prospect of success in the farming  
25          operation proposed by the farmer;

1           “(2) in the case of a farmer that is an indi-  
2           vidual, if the farmer is—

3                   “(A) in the case of a loan for a purpose  
4                   under chapter 1, an owner, operator, or lessee-  
5                   operator described in section 3101(b)(2); and

6                   “(B) in the case of a loan for a purpose  
7                   under chapter 2, an operator of a farm that is  
8                   not larger than a family farm;

9           “(3) in the case of a farmer that is a coopera-  
10           tive, corporation, partnership, trust, limited liability  
11           company, joint operation, or such other legal entity  
12           as the Secretary determines to be appropriate, with  
13           respect to the entity and each farm in which the en-  
14           tity has an ownership or operator interest—

15                   “(A) if—

16                           “(i) a majority interest is held by in-  
17                           dividuals who are related by blood or mar-  
18                           riage, as defined by the Secretary;

19                           “(ii) all of the individuals are or pro-  
20                           pose to become owners or operators of a  
21                           farm that is not larger than a family farm;  
22                           and

23                           “(iii) at least 1 of the individuals is or  
24                           proposes to become an operator of the  
25                           farm; or

1 “(B) if—

2 “(i) the entire interest is held by indi-  
3 viduals who are related by blood or mar-  
4 riage, as defined by the Secretary;

5 “(ii) all of the individuals are or pro-  
6 pose to become farm operators; and

7 “(iii) the ownership interest of each  
8 individual separately constitutes not larger  
9 than a family farm, even if the ownership  
10 interests of the individuals collectively con-  
11 stitute larger than a family farm;

12 “(4) if the entity is owned, in whole or in part,  
13 by 1 or more other entities and each individual who  
14 is an owner of the family farm involved has a direct  
15 or indirect ownership interest in each of the other  
16 entities;

17 “(5) if the farmer and any individual that holds  
18 a majority interest in the farmer is unable to obtain  
19 credit elsewhere; and

20 “(6)(A) if the Secretary finds that the oper-  
21 ations of the farmer have been substantially affected  
22 by—

23 “(i) a natural or major disaster or emer-  
24 gency designated by the President under the  
25 Robert T. Stafford Disaster Relief and Emer-

1           agency Assistance Act (42 U.S.C. 5121 et seq.);

2           or

3           “(ii) a quarantine imposed by the Sec-  
4           retary under the Plant Protection Act (7 U.S.C.  
5           7701 et seq.) or the Animal Health Protection  
6           Act (7 U.S.C. 8301 et seq.); or

7           “(B) if the farmer conducts farming operations  
8           in a county or a county contiguous to a county in  
9           which the Secretary has found that farming oper-  
10          ations have been substantially affected by a natural  
11          or major disaster or emergency.

12          “(c) TIME FOR ACCEPTING AN APPLICATION.—The  
13          Secretary shall accept an application for a loan under this  
14          chapter from a farmer at any time during the 8-month  
15          period beginning on the date that—

16                 “(1) the Secretary determines that farming op-  
17                 erations of the farmer have been substantially af-  
18                 fected by—

19                         “(A) a quarantine imposed by the Sec-  
20                         retary under the Plant Protection Act (7 U.S.C.  
21                         7701 et seq.) or the Animal Health Protection  
22                         Act (7 U.S.C. 8301 et seq.); or

23                         “(B) a natural disaster; or

24                         “(2) the President makes a major disaster or  
25                         emergency designation with respect to the affected

1 county of the farmer referred to in subsection  
2 (b)(5)(B).

3 “(d) HAZARD INSURANCE REQUIREMENT.—The Sec-  
4 retary may not make a loan to a farmer under this chapter  
5 to cover a property loss unless the farmer had hazard in-  
6 surance that insured the property at the time of the loss.

7 “(e) FAMILY FARM.—The Secretary shall conduct  
8 the loan program under this chapter in a manner that will  
9 foster and encourage the family farm system of agri-  
10 culture, consistent with the reaffirmation of policy and  
11 declaration of the intent of Congress contained in section  
12 102(a) of the Food and Agriculture Act of 1977 (7 U.S.C.  
13 2266(a)).

14 **“SEC. 3302. PURPOSES OF LOANS.**

15 “Subject to the limitations on the amounts of loans  
16 provided in section 3303(a), a loan may be made or guar-  
17 anteed under this chapter for—

18 “(1) any purpose authorized for a loan under  
19 chapter 1 or 2; and

20 “(2) crop or livestock purposes that are—

21 “(A) necessitated by a quarantine, natural  
22 disaster, major disaster, or emergency; and

23 “(B) considered desirable by the farmer.

1 **“SEC. 3303. TERMS OF LOANS.**

2 “(a) MAXIMUM AMOUNT OF LOAN.—The Secretary  
3 may not make or guarantee a loan under this chapter to  
4 a borrower who has suffered a loss in an amount that—

5 “(1) exceeds the actual loss caused by a dis-  
6 aster; or

7 “(2) would cause the total indebtedness of the  
8 borrower under this chapter to exceed \$500,000.

9 “(b) INTEREST RATES.—Any portion of a loan under  
10 this chapter up to the amount of the actual loss suffered  
11 by a farmer caused by a disaster shall be at a rate pre-  
12 scribed by the Secretary, but not in excess of 8 percent  
13 per annum.

14 “(c) INTEREST SUBSIDIES FOR GUARANTEED  
15 LOANS.—In the case of a guaranteed loan under this  
16 chapter, the Secretary may pay an interest subsidy to the  
17 lender for any portion of the loan up to the amount of  
18 the actual loss suffered by a farmer caused by a disaster.

19 “(d) TIME FOR REPAYMENT.—

20 “(1) IN GENERAL.—Subject to paragraph (2), a  
21 loan under this chapter shall be repayable at such  
22 times as the Secretary may determine, considering  
23 the purpose of the loan and the nature and effect of  
24 the disaster, but not later than the maximum repay-  
25 ment period allowed for a loan for a similar purpose  
26 under chapters 1 and 2.

1           “(2) EXTENDED REPAYMENT PERIOD.—The  
2           Secretary may, if the loan is for a purpose described  
3           in chapter 2 and the Secretary determines that the  
4           need of the loan applicant justifies the longer repay-  
5           ment period, make the loan repayable at the end of  
6           a period of more than 7 years, but not more than  
7           20 years.

8           “(e) SECURITY FOR LOAN.—

9           “(1) IN GENERAL.—A borrower of a loan made  
10          under this chapter shall secure the loan with the full  
11          personal liability of the borrower and such other se-  
12          curity as the Secretary may prescribe.

13          “(2) ADEQUATE SECURITY.—Subject to para-  
14          graph (3), the Secretary may not make or guarantee  
15          a loan under this chapter unless the security for the  
16          loan is adequate to ensure repayment of the loan.

17          “(3) INADEQUATE SECURITY DUE TO DIS-  
18          ASTER.—If adequate security for a loan under this  
19          chapter is not available because of a disaster, the  
20          Secretary shall accept as security any collateral that  
21          is available if the Secretary is confident that the col-  
22          lateral and the repayment ability of the farmer are  
23          adequate security for the loan.

24          “(4) VALUATION OF FARM ASSETS.—If a farm  
25          asset (including land, livestock, or equipment) is

1       used as collateral to secure a loan applied for under  
2       this chapter and the governor of the State in which  
3       the farm is located requests assistance under this  
4       chapter or the Robert T. Stafford Disaster Relief  
5       and Emergency Assistance Act (42 U.S.C. 5121 et  
6       seq.) for the portion of the State in which the asset  
7       is located, the Secretary shall establish the value of  
8       the asset as of the day before the occurrence of the  
9       natural or major disaster or emergency.

10      “(f) REVIEW OF LOAN.—

11           “(1) IN GENERAL.—In the case of a loan made,  
12       but not guaranteed, under section 3301, the Sec-  
13       retary shall review the loan 3 years after the loan  
14       is made, and every 2 years thereafter for the term  
15       of the loan.

16           “(2) TERMINATION OF FEDERAL ASSIST-  
17       ANCE.—If, based on a review under paragraph (1),  
18       the Secretary determines that the borrower is able to  
19       obtain a loan from a non-Federal source at reason-  
20       able rates and terms, the borrower shall, on request  
21       by the Secretary, apply for, and accept, a non-Fed-  
22       eral loan in a sufficient amount to repay the Sec-  
23       retary.

1 **“SEC. 3304. PRODUCTION LOSSES.**

2 “(a) IN GENERAL.—The Secretary shall make or  
3 guarantee a loan under this chapter to an eligible farmer  
4 for production losses if a single enterprise that constitutes  
5 a basic part of the farming operation of the farmer has  
6 sustained at least a 30 percent loss in normal per acre  
7 or per animal production, or such lesser percentage as the  
8 Secretary may determine, as a result of a disaster.

9 “(b) BASIS FOR PERCENTAGE.—A percentage loss  
10 under subsection (a) shall be based on the average month-  
11 ly price in effect for the previous crop or calendar year,  
12 as appropriate.

13 “(c) AMOUNT OF LOAN.—A loan under subsection  
14 (a) shall be in an amount that is equal to 80 percent, or  
15 such greater percentage as the Secretary may determine,  
16 of the total calculated actual production loss sustained by  
17 the farmer.

18 **“CHAPTER 4—GENERAL FARMER LOAN**  
19 **PROVISIONS**

20 **“SEC. 3401. AGRICULTURAL CREDIT INSURANCE FUND.**

21 “The fund established pursuant to section 11(a) of  
22 the Bankhead-Jones Farm Tenant Act (60 Stat. 1075,  
23 chapter 964) shall be known as the Agricultural Credit  
24 Insurance Fund (referred to in this section as the ‘Fund’,  
25 unless the context otherwise requires) for the discharge  
26 of the obligations of the Secretary under agreements in-

1   suring loans under this subtitle and loans and mortgages  
2   insured under prior authority.

3   **“SEC. 3402. GUARANTEED FARMER LOANS.**

4       “(a) IN GENERAL.—The Secretary may provide fi-  
5   nancial assistance to a borrower for a purpose provided  
6   in this subtitle by guaranteeing a loan made by any Fed-  
7   eral or State chartered bank, savings and loan association,  
8   cooperative lending agency, or other legally organized  
9   lending agency.

10       “(b) INTEREST RATE.—The interest rate payable by  
11   a borrower on the portion of a guaranteed loan that is  
12   sold by a lender to the secondary market under this sub-  
13   title may be lower than the interest rate charged on the  
14   portion retained by the lender, but shall not exceed the  
15   average interest rate charged by the lender on loans made  
16   to farm borrowers.

17       “(c) FEES.—In the case of a loan guarantee on a  
18   loan made by a commercial or cooperative lender related  
19   to a loan made by the Secretary under section 3107—

20           “(1) the Secretary shall not charge a fee to any  
21   person (including a lender); and

22           “(2) a lender may charge a loan origination and  
23   servicing fee in an amount not to exceed 1 percent  
24   of the amount of the loan.

1       “(d) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-  
2 cept as provided in subsections (e) and (f), a loan guar-  
3 antee under this subtitle shall be for not more than 90  
4 percent of the principal and interest due on the loan.

5       “(e) REFINANCED LOANS GUARANTEED AT 95 PER-  
6 CENT.—The Secretary shall guarantee 95 percent of—

7           “(1) in the case of a loan that solely refinances  
8 a direct loan made under this subtitle, the principal  
9 and interest due on the loan on the date of the refi-  
10 nancing; or

11           “(2) in the case of a loan that is used for mul-  
12 tiple purposes, the portion of the loan that refi-  
13 nances the principal and interest due on a direct  
14 loan made under this subtitle that is outstanding on  
15 the date the loan is guaranteed.

16       “(f) BEGINNING FARMER LOANS GUARANTEED UP  
17 TO 95 PERCENT.—The Secretary may guarantee not more  
18 than 95 percent of—

19           “(1) a farm ownership loan for acquiring a  
20 farm to a borrower who is participating in the down-  
21 payment loan program under section 3107; or

22           “(2) an operating loan to a borrower who is  
23 participating in the downpayment loan program  
24 under section 3107 that is made during the period

1           that the borrower has a direct loan outstanding  
2           under chapter 1 for acquiring a farm.

3           “(g) **GUARANTEE OF LOANS MADE UNDER STATE**  
4 **BEGINNING FARMER PROGRAMS.**—The Secretary may  
5 guarantee under this subtitle a loan made under a State  
6 beginning farmer program, including a loan financed by  
7 the net proceeds of a qualified small issue agricultural  
8 bond for land or property described in section  
9 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

10 **“SEC. 3403. PROVISION OF INFORMATION TO BORROWERS.**

11           “(a) **IN GENERAL.**—On the request of a borrower,  
12 the Secretary shall make available to the borrower—

13                   “(1) a copy of each document signed by the  
14 borrower;

15                   “(2) a copy of each appraisal performed with  
16 respect to the loan; and

17                   “(3) any document that the Secretary is re-  
18 quired to provide to the borrower under any law in  
19 effect on the date of the request.

20           “(b) **RULE OF CONSTRUCTION.**—Subsection (a) shall  
21 not supersede any duty imposed on the Secretary by a law  
22 in effect on January 5, 1988, unless the duty directly con-  
23 flicts with a duty under subsection (a).

1 **“SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

2 “(a) REQUIREMENT.—The Secretary shall provide  
3 notice by certified mail to each borrower who is at least  
4 90 days past due on the payment of principal or interest  
5 on a loan made or guaranteed under this subtitle.

6 “(b) CONTENTS.—The notice required under sub-  
7 section (a) shall—

8 “(1) include a summary of all primary loan  
9 service programs, homestead retention programs,  
10 debt settlement programs, and appeal procedures,  
11 including the eligibility criteria, and terms and con-  
12 ditions of the programs and procedures;

13 “(2) include a summary of the manner in which  
14 the borrower may apply, and be considered, for all  
15 such programs, except that the Secretary shall not  
16 require the borrower to select among the programs  
17 or waive any right to be considered for any program  
18 carried out by the Secretary;

19 “(3) advise the borrower regarding all filing re-  
20 quirements and any deadlines that must be met for  
21 requesting loan servicing;

22 “(4) provide any relevant forms, including ap-  
23 plicable response forms;

24 “(5) advise the borrower that a copy of regula-  
25 tions is available on request; and

1           “(6) be designed to be readable and under-  
2           standable by the borrower.

3           “(c) CONTAINED IN REGULATIONS.—All notices re-  
4           quired by this section shall be contained in the regulations  
5           issued to carry out this title.

6           “(d) TIMING.—The notice described in subsection (b)  
7           shall be provided—

8           “(1) at the time an application is made for par-  
9           ticipation in a loan service program;

10           “(2) on written request of the borrower; and

11           “(3) before the earliest of the date of—

12           “(A) initiating any liquidation;

13           “(B) requesting the conveyance of security  
14           property;

15           “(C) accelerating the loan;

16           “(D) repossessing property;

17           “(E) foreclosing on property; or

18           “(F) taking any other collection action.

19           “(e) CONSIDERATION OF BORROWERS FOR LOAN  
20           SERVICE PROGRAMS.—

21           “(1) IN GENERAL.—The Secretary shall con-  
22           sider a farmer program loan borrower for all loan  
23           service programs if, not later than 60 days after re-  
24           ceipt of the notice described in subsection (b), the  
25           borrower requests the consideration in writing.

1           “(2) PRIORITY.—In considering a borrower for  
2           a loan service program, the Secretary shall place the  
3           highest priority on the preservation of the farming  
4           operations of the borrower.

5   **“SEC. 3405. PLANTING AND PRODUCTION HISTORY GUIDE-**  
6                           **LINES.**

7           “(a) IN GENERAL.—The Secretary shall ensure that  
8           appropriate procedures, including, to the extent prac-  
9           ticable, onsite inspections, or use of county or State yield  
10          averages, are used in calculating future yields for an appli-  
11          cant for a loan, when an accurate projection cannot be  
12          made because the past production history of the farmer  
13          has been affected by a natural or major disaster or emer-  
14          gency.

15          “(b) CALCULATION OF YIELDS.—

16                 “(1) IN GENERAL.—For the purpose of aver-  
17                 aging the past yields of the farm of a farmer over  
18                 a period of crop years to calculate the future yield  
19                 of the farm under this title, the Secretary shall per-  
20                 mit the farmer to exclude the crop year with the  
21                 lowest actual or county average yield for the farm  
22                 from the calculation, if the farmer was affected by  
23                 a natural or major disaster or emergency during at  
24                 least 2 of the crop years during the period.

1           “(2) AFFECTED BY A NATURAL OR MAJOR DIS-  
2           ASTER OR EMERGENCY.—A farmer was affected by  
3           a natural or major disaster or emergency under  
4           paragraph (1) if the Secretary finds that the farm-  
5           ing operations of the farmer have been substantially  
6           affected by a natural or major disaster or emer-  
7           gency, including a farmer who has a qualifying loss  
8           but is not located in a designated or declared dis-  
9           aster area.

10           “(3) APPLICATION OF SUBSECTION.—This sub-  
11           section shall apply to any action taken by the Sec-  
12           retary that involves—

13                   “(A) a loan under chapter 1 or 2; and

14                   “(B) the yield of a farm of a farmer, in-  
15                   cluding making a loan or loan guarantee, serv-  
16                   icing a loan, or making a credit sale.

17           **“SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS ON**  
18                   **LOANS.**

19           “(a) APPLICANT REQUIREMENTS.—In connection  
20           with a loan made or guaranteed under this subtitle, the  
21           Secretary shall require—

22                   “(1) the applicant—

23                           “(A) to certify in writing that, and the  
24                           Secretary shall determine whether, the appli-  
25                           cant is unable to obtain credit elsewhere; and

1           “(B) to furnish an appropriate written fi-  
2           nancial statement;

3           “(2) except for a guaranteed loan, an agree-  
4           ment by the borrower that if at any time it appears  
5           to the Secretary that the borrower may be able to  
6           obtain a loan from a production credit association,  
7           a Federal land bank, or other responsible coopera-  
8           tive or private credit source (or, in the case of a bor-  
9           rower under section 3106, the borrower may be able  
10          to obtain a loan under section 3101), at reasonable  
11          rates and terms for loans for similar purposes and  
12          periods of time, the borrower will, on request by the  
13          Secretary, apply for and accept the loan in a suffi-  
14          cient amount to repay the Secretary or the insured  
15          lender, or both, and to pay for any stock necessary  
16          to be purchased in a cooperative lending agency in  
17          connection with the loan;

18          “(3) such provision for supervision of the oper-  
19          ations of the borrower as the Secretary shall con-  
20          sider necessary to achieve the objectives of the loan  
21          and protect the interests of the United States; and

22          “(4) the application of a person who is a vet-  
23          eran for a loan under chapter 1 or 2 to be given  
24          preference over a similar application from a person

1       who is not a veteran if the applications are on file  
2       in a county or area office at the same time.

3       “(b) AGENCY PROCESSING REQUIREMENTS.—

4               “(1) APPROVAL NOTIFICATION.—The Secretary  
5       shall approve or disapprove an application for a loan  
6       or loan guarantee made under this subtitle, and no-  
7       tify the applicant of such action, not later than 60  
8       days after the date on which the Secretary has re-  
9       ceived a complete application for the loan or loan  
10      guarantee.

11             “(2) REQUEST INFORMATION.—

12               “(A) IN GENERAL.—On receipt of an ap-  
13      plication, the Secretary shall request from other  
14      parties such information as may be needed in  
15      connection with the application.

16               “(B) INFORMATION FROM AN AGENCY OF  
17      THE DEPARTMENT.—Not later than 15 cal-  
18      endar days after the date on which an agency  
19      of the Department receives a request for infor-  
20      mation made pursuant to subparagraph (A),  
21      the agency shall provide the Secretary with the  
22      requested information.

23             “(3) NOTIFICATIONS.—

24               “(A) INCOMPLETE APPLICATION NOTIFICA-  
25      TION.—If an application for a loan or loan

1           guarantee under this subtitle (other than an op-  
2           erating loan or loan guarantee) is incomplete,  
3           the Secretary shall inform the applicant of the  
4           reasons the application is incomplete not later  
5           than 20 days after the date on which the Sec-  
6           retary has received the application.

7           “(B) OPERATING LOANS.—

8           “(i)     ADDITIONAL     INFORMATION  
9           NEEDED.—Not later than 10 calendar  
10          days after the Secretary receives an appli-  
11          cation for an operating loan or loan guar-  
12          antee, the Secretary shall notify the appli-  
13          cant of any information required before a  
14          decision may be made on the application.

15          “(ii) INFORMATION NOT RECEIVED.—

16          If, not later than 20 calendar days after  
17          the date a request is made pursuant to  
18          clause (i) with respect to an application,  
19          the Secretary has not received the informa-  
20          tion requested, the Secretary shall notify  
21          the applicant and the district office of the  
22          Farm Service Agency, in writing, of the  
23          outstanding information.

24          “(4) REPORT OF PENDING APPLICATIONS.—

1           “(A) IN GENERAL.—A county office shall  
2           notify the district office of the Farm Service  
3           Agency of each application for an operating  
4           loan or loan guarantee that is pending more  
5           than 45 days after receipt, and the reasons for  
6           which the application is pending.

7           “(B) ACTION ON PENDING APPLICA-  
8           TIONS.—A district office that receives a notice  
9           provided under subparagraph (A) with respect  
10          to an application shall immediately take steps  
11          to ensure that final action is taken on the appli-  
12          cation not later than 15 days after the date of  
13          the receipt of the notice.

14          “(C) PENDING APPLICATION REPORT.—  
15          The district office shall report to the State of-  
16          fice of the Farm Service Agency on each appli-  
17          cation for an operating loan or loan guarantee  
18          that is pending more than 45 days after receipt  
19          by the county committee, and the reasons for  
20          which the application is pending.

21          “(D) REPORT TO CONGRESS.—Each  
22          month, the Secretary shall notify the Com-  
23          mittee on Agriculture of the House of Rep-  
24          resentatives and the Committee on Agriculture,  
25          Nutrition, and Forestry of the Senate, on a

1 State-by-State basis, as to each application for  
2 an operating loan or loan guarantee on which  
3 final action had not been taken within 60 cal-  
4 endar days after receipt by the Secretary, and  
5 the reasons for which final action had not been  
6 taken.

7 “(5) DISAPPROVALS.—

8 “(A) IN GENERAL.—If an application for a  
9 loan or loan guarantee under this subtitle is  
10 disapproved by the Secretary, the Secretary  
11 shall state the reasons for the disapproval in  
12 the notice required under paragraph (1).

13 “(B) DISAPPROVAL DUE TO LACK OF  
14 FUNDS.—

15 “(i) IN GENERAL.—Notwithstanding  
16 paragraph (1), each application for a loan  
17 or loan guarantee under section 3601(e),  
18 or for a loan under section 3501(a) or  
19 3502(a), that is to be disapproved by the  
20 Secretary solely because the Secretary  
21 lacks the funds necessary to make the loan  
22 or guarantee shall not be disapproved but  
23 shall be placed in pending status.

24 “(ii) RECONSIDERATION.—The Sec-  
25 retary shall retain each pending application

1           and reconsider the application beginning  
2           on the date that sufficient funds become  
3           available.

4                   “(iii) NOTIFICATION.—Not later than  
5           60 days after funds become available re-  
6           garding each pending application, the Sec-  
7           retary shall notify the applicant of the ap-  
8           proval or disapproval of funding for the  
9           application.

10                   “(6) APPROVALS ON APPEAL.—If an application  
11           for a loan or loan guarantee under this subtitle is  
12           disapproved by the Secretary, but that action is sub-  
13           sequently reversed or revised as the result of an ap-  
14           peal within the Department or to the courts of the  
15           United States and the application is returned to the  
16           Secretary for further consideration, the Secretary  
17           shall act on the application and provide the appli-  
18           cant with notice of the action not later than 15 days  
19           after the date of return of the application to the  
20           Secretary.

21                   “(7) PROVISION OF PROCEEDS.—

22                           “(A) IN GENERAL.—Except as provided in  
23           subparagraph (B), if an application for an in-  
24           sured loan under this title is approved by the  
25           Secretary, the Secretary shall provide the loan

1           proceeds to the applicant not later than 15 days  
2           (or such longer period as the applicant may ap-  
3           prove) after the application for the loan is ap-  
4           proved by the Secretary.

5           “(B) LACK OF FUNDS.—If the Secretary is  
6           unable to provide the loan proceeds to the ap-  
7           plicant during the 15-day period described in  
8           subparagraph (A) because sufficient funds are  
9           not available to the Secretary for that purpose,  
10          the Secretary shall provide the loan proceeds to  
11          the applicant as soon as practicable (but in no  
12          event later than 15 days unless the applicant  
13          agrees to a longer period) after sufficient funds  
14          for that purpose become available to the Sec-  
15          retary.

16 **“SEC. 3407. GRADUATION OF BORROWERS.**

17          “(a) GRADUATION OF SEASONED DIRECT LOAN  
18          BORROWERS TO THE LOAN GUARANTEE PROGRAM.—

19                 “(1) REVIEW OF LOANS.—

20                         “(A) IN GENERAL.—The Secretary, or a  
21                         contracting third party, shall annually review  
22                         under section 3420 the loans of each seasoned  
23                         direct loan borrower.

24                         “(B) ASSISTANCE.—If, based on the re-  
25                         view, it is determined that a borrower would be

1           able to obtain a loan, guaranteed by the Sec-  
2           retary, from a commercial or cooperative lender  
3           at reasonable rates and terms for loans for  
4           similar purposes and periods of time, the Sec-  
5           retary shall assist the borrower in applying for  
6           the commercial or cooperative loan.

7           “(2) PROSPECTUS.—

8                   “(A) IN GENERAL.—In accordance with  
9                   section 3422, the Secretary shall prepare a pro-  
10                  spectus on each seasoned direct loan borrower  
11                  determined eligible to obtain a guaranteed loan.

12                  “(B) REQUIREMENTS.—The prospectus  
13                  shall contain a description of the amounts of  
14                  the loan guarantee and interest assistance that  
15                  the Secretary will provide to the seasoned direct  
16                  loan borrower to enable the seasoned direct loan  
17                  borrower to carry out a financially viable farm-  
18                  ing plan if a guaranteed loan is made.

19           “(3) VERIFICATION.—

20                   “(A) IN GENERAL.—The Secretary shall  
21                  provide a prospectus of a seasoned direct loan  
22                  borrower to each approved lender whose lending  
23                  area includes the location of the seasoned direct  
24                  loan borrower.

1           “(B) NOTIFICATION.—The Secretary shall  
2           notify each borrower of a loan that a prospectus  
3           has been provided to a lender under subpara-  
4           graph (A).

5           “(C) CREDIT EXTENDED.—If the Sec-  
6           retary receives an offer from an approved lend-  
7           er to extend credit to the seasoned direct loan  
8           borrower under terms and conditions contained  
9           in the prospectus, the seasoned direct loan bor-  
10          rower shall not be eligible for a loan from the  
11          Secretary under chapter 1 or 2, except as other-  
12          wise provided in this section.

13          “(4) INSUFFICIENT ASSISTANCE OR OFFERS.—  
14          If the Secretary is unable to provide loan guarantees  
15          and, if necessary, interest assistance to the seasoned  
16          direct loan borrower under this section in amounts  
17          sufficient to enable the seasoned direct loan bor-  
18          rower to borrow from commercial sources the  
19          amount required to carry out a financially viable  
20          farming plan, or if the Secretary does not receive an  
21          offer from an approved lender to extend credit to a  
22          seasoned direct loan borrower under the terms and  
23          conditions contained in the prospectus, the Secretary  
24          shall make a loan to the seasoned direct loan bor-  
25          rower under chapter 1 or 2, whichever is applicable.

1           “(5) INTEREST RATE REDUCTIONS.—To the ex-  
2           tent necessary for the borrower to obtain a loan,  
3           guaranteed by the Secretary, from a commercial or  
4           cooperative lender, the Secretary shall provide inter-  
5           est rate reductions as provided for under section  
6           3413.

7           “(b) TRANSITION TO PRIVATE COMMERCIAL OR  
8           OTHER SOURCES OF CREDIT.—

9           “(1) IN GENERAL.—In making an operating or  
10          ownership loan, the Secretary shall establish a plan  
11          and promulgate regulations (including performance  
12          criteria) that promote the goal of transitioning bor-  
13          rowers to private commercial credit and other  
14          sources of credit in the shortest period of time prac-  
15          ticable.

16          “(2) COORDINATION.—In carrying out this sec-  
17          tion, the Secretary shall integrate and coordinate the  
18          transition policy described in subsection (a) with—

19                 “(A) the borrower training program estab-  
20                 lished by section 3419;

21                 “(B) the loan assessment process estab-  
22                 lished by section 3420;

23                 “(C) the supervised credit requirement es-  
24                 tablished by section 3421;

1                   “(D) the market placement program estab-  
2                   lished by section 3422; and

3                   “(E) other appropriate programs and au-  
4                   thorities, as determined by the Secretary.

5           “(c) GRADUATION OF BORROWERS WITH OPERATING  
6 LOANS OR GUARANTEES TO PRIVATE COMMERCIAL  
7 CREDIT.—The Secretary shall establish a plan, in coordi-  
8 nation with activities under sections 3419 through 3422,  
9 to encourage each borrower with an outstanding loan  
10 under this chapter, or with respect to whom there is an  
11 outstanding guarantee under this chapter, to graduate to  
12 private commercial or other sources of credit.

13 **“SEC. 3408. DEBT ADJUSTMENT AND CREDIT COUNSELING.**

14           “In carrying out this subtitle, the Secretary may—

15                   “(1) provide voluntary debt adjustment assist-  
16                   ance between—

17                           “(A) farmers; and

18                           “(B) the creditors of the farmers;

19                   “(2) cooperate with State, territorial, and local  
20                   agencies and committees engaged in the debt adjust-  
21                   ment; and

22                   “(3) give credit counseling.

23 **“SEC. 3409. SECURITY SERVICING.**

24           “(a) SALE OF PROPERTY.—



1           this subparagraph shall be final and not  
2           administratively appealable.

3           “(C) PUBLIC SALE.—If no acceptable offer  
4           is received from a qualified beginning farmer  
5           under subparagraph (B) not later than 75 days  
6           after acquiring the real property, the Secretary  
7           shall, not later than 30 days after the 75-day  
8           period, sell the property after public notice at a  
9           public sale, and, if no acceptable bid is received,  
10          by negotiated sale, at the best price obtainable.

11          “(2) INTEREST.—

12           “(A) IN GENERAL.—Subject to subpara-  
13          graph (B), any conveyance of real property  
14          under this subsection shall include all of the in-  
15          terest of the United States in the property, in-  
16          cluding mineral rights.

17           “(B) CONSERVATION.—The Secretary may  
18          for conservation purposes grant or sell an ease-  
19          ment, restriction, development right, or similar  
20          legal right to real property to a State, a polit-  
21          ical subdivision of a State, or a private non-  
22          profit organization separately from the under-  
23          lying fee or other rights to the property owned  
24          by the United States.

1           “(3) OTHER LAW.—Subtitle I of title 40,  
2           United States Code, and title III of the Federal  
3           Property and Administrative Services Act of 1949  
4           (41 U.S.C. 251 et seq.) shall not apply to any exer-  
5           cise of authority under this subtitle.

6           “(4) LEASE OF PROPERTY.—

7           “(A) IN GENERAL.—Subject to subpara-  
8           graph (B), the Secretary may not lease any real  
9           property acquired under this title.

10          “(B) EXCEPTION.—

11           “(i) QUALIFIED BEGINNING FARM-  
12           ER.—The Secretary may lease or contract  
13           to sell to a qualified beginning farmer a  
14           farm acquired by the Secretary under this  
15           title if the qualified beginning farmer  
16           qualifies for a credit sale or direct farm  
17           ownership loan under chapter 1 but credit  
18           sale authority for loans or direct farm own-  
19           ership loan funds, respectively, are not  
20           available.

21           “(ii) TERM.—The term of a lease or  
22           contract to sell to a qualified beginning  
23           farmer under clause (i) shall be until the  
24           earlier of—

1                   “(I) the date that is 18 months  
2                   after the date of the lease or sale; or

3                   “(II) the date that direct farm  
4                   ownership loan funds or credit sale  
5                   authority for loans becomes available  
6                   to the qualified beginning farmer.

7                   “(iii) INCOME-PRODUCING CAPA-  
8                   BILITY.—In determining the rental rate on  
9                   real property leased under this subpara-  
10                  graph, the Secretary shall consider the in-  
11                  come-producing capability of the property  
12                  during the term that the property is  
13                  leased.

14                  “(5) EXPEDITED DETERMINATION.—

15                  “(A) IN GENERAL.—On the request of an  
16                  applicant, not later than 30 days after denial of  
17                  the application, the appropriate State director  
18                  shall provide an expedited review and deter-  
19                  mination of whether the applicant is a qualified  
20                  beginning farmer for the purpose of acquiring  
21                  farm inventory property.

22                  “(B) APPEAL.—The determination of a  
23                  State Director under subparagraph (A) shall be  
24                  final and not administratively appealable.

25                  “(C) EFFECTS OF DETERMINATIONS.—

1                   “(i) IN GENERAL.—The Secretary  
2                   shall maintain statistical data on the num-  
3                   ber and results of determinations made  
4                   under subparagraph (A) and the effect of  
5                   the determinations on—

6                                 “(I) selling farm inventory prop-  
7                                 erty to qualified beginning farmers;  
8                                 and

9                                 “(II) disposing of real property  
10                                in inventory.

11                   “(ii) NOTIFICATION.—The Secretary  
12                   shall notify the Committee on Agriculture  
13                   of the House of Representatives and the  
14                   Committee on Agriculture, Nutrition, and  
15                   Forestry of the Senate if the Secretary de-  
16                   termines that the review process under  
17                   subparagraph (A) is adversely affecting the  
18                   selling of farm inventory property to quali-  
19                   fied beginning farmers or the disposing of  
20                   real property in inventory.

21                   “(b) ROAD AND UTILITY EASEMENTS AND CON-  
22                   DEMATIONS.—In the case of any real property adminis-  
23                   tered under this title, the Secretary may grant or sell ease-  
24                   ments or rights-of-way for roads, utilities, and other ap-

1 purtenances that are not inconsistent with the public in-  
2 terest.

3 “(c) SALE OR LEASE OF FARMLAND.—

4 “(1) DISPOSITION OF REAL PROPERTY ON IN-  
5 DIAN RESERVATIONS.—

6 “(A) DEFINITION OF INDIAN RESERVA-  
7 TION.—In this paragraph, the term ‘Indian res-  
8 ervation’ means—

9 “(i) all land located within the limits  
10 of any Indian reservation under the juris-  
11 diction of the United States, notwith-  
12 standing the issuance of any patent, and,  
13 including any right-of-way running through  
14 the reservation;

15 “(ii) trust or restricted land located  
16 within the boundaries of a former reserva-  
17 tion of an Indian tribe in the State of  
18 Oklahoma; or

19 “(iii) all Indian allotments the Indian  
20 titles to which have not been extinguished  
21 if the allotments are subject to the juris-  
22 diction of an Indian tribe.

23 “(B) DISPOSITION.—Except as provided in  
24 paragraph (3), the Secretary shall dispose of or

1 administer the property as provided in para-  
2 graph when—

3 “(i) the Secretary acquires property  
4 under this subtitle that is located within an  
5 Indian reservation; and

6 “(ii) the borrower-owner is the Indian  
7 tribe that has jurisdiction over the reserva-  
8 tion in which the real property is located  
9 or the borrower-owner is a member of the  
10 Indian tribe;

11 “(C) PRIORITY.—Not later than 90 days  
12 after acquiring the property, the Secretary shall  
13 afford an opportunity to purchase or lease the  
14 real property in accordance with the order of  
15 priority established under subparagraph (D) to  
16 the Indian tribe having jurisdiction over the In-  
17 dian reservation within which the real property  
18 is located or, if no order of priority is estab-  
19 lished by the Indian tribe under subparagraph  
20 (D), in the following order:

21 “(i) An Indian member of the Indian  
22 tribe that has jurisdiction over the reserva-  
23 tion within which the real property is lo-  
24 cated.

25 “(ii) An Indian corporate entity.

1 “(iii) The Indian tribe.

2 “(D) REVISION OF PRIORITY AND RE-  
3 STRICTION OF ELIGIBILITY.—The governing  
4 body of any Indian tribe having jurisdiction  
5 over an Indian reservation may revise the order  
6 of priority provided in subparagraph (C) under  
7 which land located within the reservation shall  
8 be offered for purchase or lease by the Sec-  
9 retary under subparagraph (C) and may re-  
10 strict the eligibility for the purchase or lease  
11 to—

12 “(i) persons who are members of the  
13 Indian tribe;

14 “(ii) Indian corporate entities that are  
15 authorized by the Indian tribe to lease or  
16 purchase land within the boundaries of the  
17 reservation; or

18 “(iii) the Indian tribe itself.

19 “(E) TRANSFER OF PROPERTY TO SEC-  
20 RETARY OF THE INTERIOR.—

21 “(i) IN GENERAL.—If real property  
22 described in subparagraph (B) is not pur-  
23 chased or leased under subparagraph (C)  
24 and the Indian tribe having jurisdiction  
25 over the reservation within which the real

1 property is located is unable to purchase or  
2 lease the real property, the Secretary shall  
3 transfer the real property to the Secretary  
4 of the Interior who shall administer the  
5 real property as if the real property were  
6 held in trust by the United States for the  
7 benefit of the Indian tribe.

8 “(ii) USE OF RENTAL INCOME.—From  
9 the rental income derived from the lease of  
10 the transferred real property, and all other  
11 income generated from the transferred real  
12 property, the Secretary of the Interior  
13 shall pay the State, county, municipal, or  
14 other local taxes to which the transferred  
15 real property was subject at the time of ac-  
16 quisition by the Secretary, until the earlier  
17 of—

18 “(I) the expiration of the 4-year  
19 period beginning on the date on which  
20 the real property is so transferred; or

21 “(II) such time as the land is  
22 transferred into trust pursuant to  
23 subparagraph (H).

24 “(F) RESPONSIBILITIES OF SECRE-  
25 TARIES.—If any real property is transferred to

1           the Secretary of the Interior under subpara-  
2           graph (E)—

3                   “(i) the Secretary of Agriculture shall  
4                   have no further responsibility under this  
5                   title for—

6                           “(I) collection of any amounts  
7                           with regard to the farm program loan  
8                           that had been secured by the real  
9                           property;

10                           “(II) any lien arising out of the  
11                           loan transaction; or

12                           “(III) repayment of any amount  
13                           with regard to the loan transaction or  
14                           lien to the Treasury of the United  
15                           States; and

16                   “(ii) the Secretary of the Interior  
17                   shall succeed to all right, title, and interest  
18                   of the Secretary of Agriculture in the real  
19                   estate arising from the farm program loan  
20                   transaction, including the obligation to  
21                   remit to the Treasury of the United States,  
22                   in repayment of the original loan, the  
23                   amounts provided in subparagraph (G).

24                   “(G) USE OF INCOME.—After the payment  
25                   of any taxes that are required to be paid under

1           subparagraph (E)(ii), all remaining rental in-  
2           come derived from the lease of the real property  
3           transferred to the Secretary of the Interior  
4           under subparagraph (E)(i), and all other in-  
5           come generated from the real property trans-  
6           ferred to the Secretary of the Interior under  
7           that subparagraph, shall be deposited as mis-  
8           cellaneous receipts in the Treasury of the  
9           United States until the amount deposited is  
10          equal to the lesser of—

11                   “(i) the amount of the outstanding  
12                   lien of the United States against the real  
13                   property, as of the date the real property  
14                   was acquired by the Secretary;

15                   “(ii) the fair market value of the real  
16                   property, as of the date of the transfer to  
17                   the Secretary of the Interior; or

18                   “(iii) the capitalized value of the real  
19                   property, as of the date of the transfer to  
20                   the Secretary of the Interior.

21           “(H) HOLDING OF TITLE IN TRUST.—If  
22           the total amount that is required to be depos-  
23           ited under subparagraph (G) with respect to  
24           any real property has been deposited into the  
25           Treasury of the United States, title to the real

1 property shall be held in trust by the United  
2 States for the benefit of the Indian tribe having  
3 jurisdiction over the Indian reservation within  
4 which the real property is located.

5 “(I) PAYMENT OF REMAINING LIEN OR  
6 FAIR MARKET VALUE OF PROPERTY.—

7 “(i) IN GENERAL.—Notwithstanding  
8 any other subparagraph of this paragraph,  
9 the Indian tribe having jurisdiction over  
10 the Indian reservation within which the  
11 real property described in subparagraph  
12 (B) is located may, at any time after the  
13 real property has been transferred to the  
14 Secretary of the Interior under subpara-  
15 graph (E), offer to pay the remaining  
16 amount on the lien or the fair market  
17 value of the real property, whichever is  
18 less.

19 “(ii) EFFECT OF PAYMENT.—On pay-  
20 ment of the amount, title to the real prop-  
21 erty shall be held by the United States in  
22 trust for the tribe and the trust or re-  
23 stricted land that has been acquired by the  
24 Secretary under foreclosure or voluntary  
25 transfer under a loan made or insured

1 under this title and transferred to an In-  
2 dian person, entity, or tribe under this  
3 paragraph shall be considered to have  
4 never lost trust or restricted status.

5 “(J) APPLICABILITY.—

6 “(i) IN GENERAL.—This paragraph  
7 shall apply to all land in the land inventory  
8 established under this title (as of Novem-  
9 ber 28, 1990) that was (immediately prior  
10 to the date) owned by an Indian borrower-  
11 owner described in subparagraph (B) and  
12 that is situated within an Indian reserva-  
13 tion, regardless of the date of foreclosure  
14 or acquisition by the Secretary.

15 “(ii) OPPORTUNITY TO PURCHASE OR  
16 LEASE.—The Secretary shall afford an op-  
17 portunity to an Indian person, entity, or  
18 tribe to purchase or lease the real property  
19 as provided in subparagraph (C).

20 “(iii) TRANSFER.—If the right is not  
21 exercised or no expression of intent to ex-  
22 ercise the right is received within 180 days  
23 after November 28, 1990, the Secretary  
24 shall transfer the real property to the Sec-

1                   retary of the Interior as provided in sub-  
2                   paragraph (E).

3                   “(2) ADDITIONAL RIGHTS.—The rights pro-  
4                   vided in this subsection shall be in addition to any  
5                   right of first refusal under the law of the State in  
6                   which the property is located.

7                   “(3) DISPOSITION OF REAL PROPERTY ON IN-  
8                   DIAN RESERVATIONS AFTER PROCEDURES EX-  
9                   HAUSTED.—

10                   “(A) IN GENERAL.—The Secretary shall  
11                   dispose of or administer real property described  
12                   in paragraph (1)(B) only as provided in para-  
13                   graph (1), as modified by this paragraph, if—

14                   “(i) the real property described in  
15                   paragraph (1)(B) is located within an In-  
16                   dian reservation;

17                   “(ii) the borrower-owner is an Indian  
18                   tribe that has jurisdiction over the reserva-  
19                   tion in which the real property is located  
20                   or the borrower-owner is a member of an  
21                   Indian tribe;

22                   “(iii) the borrower-owner has obtained  
23                   a loan made or guaranteed under this title;  
24                   and

1                   “(iv) the borrower-owner and the Sec-  
2                   retary have exhausted all of the procedures  
3                   provided for in this title to permit a bor-  
4                   rower-owner to retain title to the real prop-  
5                   erty, so that it is necessary for the bor-  
6                   rower-owner to relinquish title.

7                   “(B) NOTICE OF RIGHT TO CONVEY PROP-  
8                   ERTY.—The Secretary shall provide the bor-  
9                   rower-owner of real property that is described  
10                  in subparagraph (A) with written notice of—

11                  “(i) the right of the borrower-owner to  
12                  voluntarily convey the real property to the  
13                  Secretary; and

14                  “(ii) the fact that real property so  
15                  conveyed will be placed in the inventory of  
16                  the Secretary.

17                  “(C) NOTICE OF RIGHTS AND PROTEC-  
18                  TIONS.—The Secretary shall provide the bor-  
19                  rower-owner of the real property with written  
20                  notice of the rights and protections provided  
21                  under this title to the borrower-owner, and the  
22                  Indian tribe that has jurisdiction over the res-  
23                  ervation in which the real property is located,  
24                  from foreclosure or liquidation of the real prop-  
25                  erty, including written notice—

1                   “(i) of paragraph (1), this paragraph,  
2                   and subsection (e)(3);

3                   “(ii) if the borrower-owner does not  
4                   voluntarily convey the real property to the  
5                   Secretary, that—

6                   “(I) the Secretary may foreclose  
7                   on the property;

8                   “(II) in the event of foreclosure,  
9                   the property will be offered for sale;

10                  “(III) the Secretary shall offer a  
11                  bid for the property that is equal to  
12                  the fair market value of the property  
13                  or the outstanding principal and inter-  
14                  est of the loan, whichever is higher;

15                  “(IV) the property may be pur-  
16                  chased by another party; and

17                  “(V) if the property is purchased  
18                  by another party, the property will not  
19                  be placed in the inventory of the Sec-  
20                  retary and the borrower-owner will  
21                  forfeit the rights and protections pro-  
22                  vided under this title; and

23                  “(iii) of the opportunity of the bor-  
24                  rower-owner to consult with the Indian  
25                  tribe that has jurisdiction over the reserva-

1           tion in which the real property is located  
2           or counsel to determine if State or tribal  
3           law provides rights and protections that  
4           are more beneficial than the rights and  
5           protections provided the borrower-owner  
6           under this title.

7           “(D) ACCEPTANCE OF VOLUNTARY CON-  
8           VEYANCE.—

9                   “(i) IN GENERAL.—Except as pro-  
10                  vided in clause (ii), the Secretary shall ac-  
11                  cept the voluntary conveyance of real prop-  
12                  erty described in subparagraph (A).

13                   “(ii) HAZARDOUS SUBSTANCES.—If a  
14                  hazardous substance (as defined in section  
15                  101(14) of the Comprehensive Environ-  
16                  mental Response, Compensation, and Li-  
17                  ability Act of 1980 (42 U.S.C. 9601(14)))  
18                  is located on the property and the Sec-  
19                  retary takes remedial action to protect  
20                  human health or the environment if the  
21                  property is taken into inventory, the Sec-  
22                  retary shall accept the voluntary convey-  
23                  ance of the property only if the Secretary  
24                  determines that the conveyance is in the  
25                  best interests of the Federal Government.

1                   “(E) FORECLOSURE PROCEDURES.—

2                   “(i) NOTICE TO BORROWER.—If an  
3 Indian borrower-owner does not voluntarily  
4 convey to the Secretary real property de-  
5 scribed in subparagraph (A), not less than  
6 30 days before a foreclosure sale of the  
7 property, the Secretary shall provide the  
8 Indian borrower-owner with the option  
9 of—

10                   “(I) requiring the Secretary to  
11 assign the loan and security instru-  
12 ments to the Secretary of the Interior,  
13 if the Secretary of the Interior agrees  
14 to an assignment releasing the Sec-  
15 retary of Agriculture from all further  
16 responsibility for collection of any  
17 amounts with regard to the loan se-  
18 cured by the real property; or

19                   “(II) requiring the Secretary to  
20 assign the loan and security instru-  
21 ments to the tribe having jurisdiction  
22 over the reservation in which the real  
23 property is located, if the tribe agrees  
24 to assume the loan under the terms  
25 specified in clause (iii).

1                   “(ii) NOTICE TO TRIBE.—If an Indian  
2                   borrower-owner does not voluntarily convey  
3                   to the Secretary real property described in  
4                   subparagraph (A), not less than 30 days  
5                   before a foreclosure sale of the property,  
6                   the Secretary shall provide written notice  
7                   to the Indian tribe that has jurisdiction  
8                   over the reservation in which the real prop-  
9                   erty is located of—

10                               “(I) the sale;

11                               “(II) the fair market value of the  
12                   property; and

13                               “(III) the requirements of this  
14                   paragraph.

15                   “(iii) ASSUMED LOANS.—If an Indian  
16                   tribe assumes a loan under clause (i)—

17                               “(I) the Secretary shall not fore-  
18                   close the loan because of any default  
19                   that occurred prior to the date of the  
20                   assumption;

21                               “(II) the loan shall be for the  
22                   lesser of the outstanding principal and  
23                   interest of the loan or the fair market  
24                   value of the property; and

1                   “(III) the loan shall be treated as  
2                   though the loan was made under Pub-  
3                   lic Law 91–229 (25 U.S.C. 488 et  
4                   seq.).

5                   “(F) AMOUNT OF BID BY SECRETARY.—

6                   “(i) IN GENERAL.—Except as pro-  
7                   vided in clause (ii), at a foreclosure sale of  
8                   real property described in subparagraph  
9                   (A), the Secretary shall offer a bid for the  
10                  property that is equal to the higher of—

11                  “(I) the fair market value of the  
12                  property; or

13                  “(II) the outstanding principal  
14                  and interest on the loan.

15                  “(ii) HAZARDOUS SUBSTANCES.—If a  
16                  hazardous substance (as defined in section  
17                  101(14) of the Comprehensive Environ-  
18                  mental Response, Compensation, and Li-  
19                  ability Act of 1980 (42 U.S.C. 9601(14)))  
20                  is located on the property and the Sec-  
21                  retary takes remedial action to protect  
22                  human health or the environment if the  
23                  property is taken into inventory, clause (i)  
24                  shall apply only if the Secretary determines

1                   that bidding is in the best interests of the  
2                   Federal Government.

3                   “(4) DETRIMENTAL EFFECT ON VALUE OF  
4                   AREA FARMLAND.—The Secretary shall not offer for  
5                   sale or sell any farmland referred to in paragraphs  
6                   (1) through (3) if placing the farmland on the mar-  
7                   ket will have a detrimental effect on the value of  
8                   farmland in the area.

9                   “(5) INSTALLMENT SALES AND MULTIPLE OP-  
10                  ERATORS.—

11                  “(A) IN GENERAL.—The Secretary may  
12                  sell farmland administered under this title  
13                  through an installment sale or similar device  
14                  that contains such terms as the Secretary con-  
15                  siders necessary to protect the investment of  
16                  the Federal Government in the land.

17                  “(B) SALE OF CONTRACT.—The Secretary  
18                  may subsequently sell any contract entered into  
19                  to carry out subparagraph (A).

20                  “(6) HIGHLY ERODIBLE LAND.—In the case of  
21                  farmland administered under this title that is highly  
22                  erodible land (as defined in section 1201 of the Food  
23                  Security Act of 1985 (16 U.S.C. 3801)), the Sec-  
24                  retary may require the use of specified conservation

1 practices on the land as a condition of the sale or  
2 lease of the land.

3 “(7) NO EFFECT ON ACREAGE ALLOTMENTS,  
4 MARKETING QUOTAS, OR ACREAGE BASES.—Not-  
5 withstanding any other law, compliance by the Sec-  
6 retary with this subsection shall not cause any acre-  
7 age allotment, marketing quota, or acreage base as-  
8 signed to the property to lapse, terminate, be re-  
9 duced, or otherwise be adversely affected.

10 “(8) NO PREEMPTION OF STATE LAW.—If a  
11 conflict exists between any provision of this sub-  
12 section and any provision of the law of any State  
13 providing a right of first refusal to the owner of  
14 farmland or the operator of a farm before the sale  
15 or lease of land to any other person, the provision  
16 of State law shall prevail.

17 “(d) RELEASE OF NORMAL INCOME SECURITY.—

18 “(1) DEFINITION OF NORMAL INCOME SECU-  
19 RITY.—In this subsection:

20 “(A) IN GENERAL.—Except as provided in  
21 subparagraph (B), the term ‘normal income se-  
22 curity’ means all security not considered basic  
23 security, including crops, livestock, poultry  
24 products, Farm Service Agency payments and  
25 Commodity Credit Corporation payments, and

1 other property covered by Farm Service Agency  
2 liens that is sold in conjunction with the oper-  
3 ation of a farm or other business.

4 “(B) EXCEPTIONS.—The term ‘normal in-  
5 come security’ does not include any equipment  
6 (including fixtures in States that have adopted  
7 the Uniform Commercial Code), or foundation  
8 herd or flock, that is—

9 “(i) the basis of the farming or other  
10 operation; and

11 “(ii) the basic security for a farmer  
12 program loan.

13 “(2) GENERAL RELEASE.—Subject to para-  
14 graph (5), the Secretary shall release from the nor-  
15 mal income security provided for a loan an amount  
16 sufficient to pay for the essential household and  
17 farm operating expenses of the borrower, until such  
18 time as the Secretary accelerates the loan.

19 “(3) FINAL DETERMINATIONS.—

20 “(A) IN GENERAL.—Not later than 1 year  
21 after a borrower has requested restructuring  
22 under section 3411, the Secretary shall make a  
23 final determination on the request.

24 “(B) RELEASES.—Releases shall continue  
25 to be made to the borrower until a denial or

1 dismissal of the application of the borrower for  
2 restructuring under section 3411 is made.

3 “(C) AMOUNT OF RELEASE.—The amount  
4 of essential household and farm operating ex-  
5 penses that may be released to any borrower el-  
6 igible for the releases after 1 year may exceed  
7 \$18,000, by an amount proportionate to the pe-  
8 riod of time beyond 1 year before a final deter-  
9 mination is made by the Secretary.

10 “(4) NOTICE OF REPORTING REQUIREMENTS  
11 AND RIGHTS.—If a borrower is required to plan for  
12 or to report as to how proceeds from the sale of col-  
13 lateral property will be used, the Secretary shall no-  
14 tify the borrower of—

15 “(A) the requirement; and

16 “(B) the right to the release of funds  
17 under this subsection and the means by which  
18 a request for the funds may be made.

19 “(5) APPLICABILITY.—This subsection shall  
20 apply only a non-real estate loan made under chap-  
21 ter 2 or 3.

22 “(e) EASEMENTS ON INVENTORIED PROPERTY.—

23 “(1) IN GENERAL.—Subject to paragraph (2),  
24 in the disposal of real property under this section,  
25 the Secretary shall establish perpetual wetland con-

1        servation easements to protect and restore wetland  
2        or converted wetland that exists on inventoried prop-  
3        erty.

4            “(2) LIMITATION.—The Secretary shall not es-  
5        tablish a wetland conservation easement on an  
6        inventoried property that—

7            “(A) was cropland on the date the prop-  
8        erty entered the inventory of the Secretary; or

9            “(B) was used for farming at any time  
10       during the period—

11           “(i) beginning on the date that is 5  
12       years before the property entered the in-  
13       ventory of the Secretary; and

14           “(ii) ending on the date on which the  
15       property entered the inventory of the Sec-  
16       retary.

17           “(3) NOTIFICATION.—The Secretary shall pro-  
18       vide prior written notification to a borrower consid-  
19       ering homestead retention that a wetland conserva-  
20       tion easement may be placed on land for which the  
21       borrower is negotiating a lease option.

22           “(4) APPRAISED VALUE.—The appraised value  
23       of the farm shall reflect the value of the land due  
24       to the placement of wetland conservation easements.

1 **“SEC. 3410. CONTRACTS ON LOAN SECURITY PROPERTIES.**

2 “(a) CONTRACTS ON LOAN SECURITY PROP-  
3 ERTIES.—Subject to subsection (b), the Secretary may  
4 enter into a contract related to real property for conserva-  
5 tion, recreation, or wildlife purposes.

6 “(b) LIMITATIONS.—The Secretary may enter into a  
7 contract under subsection (a) if—

8 “(1) the property is wetland, upland, or highly  
9 erodible land;

10 “(2) the property is determined by the Sec-  
11 retary to be suitable for the purpose involved; and

12 “(3)(A) the property secures a loan made under  
13 a law administered and held by the Secretary; and

14 “(B) the contract would better enable a quali-  
15 fied borrower to repay the loan in a timely manner,  
16 as determined by the Secretary.

17 “(c) TERMS AND CONDITIONS.—The terms and con-  
18 ditions specified in a contract under subsection (a) shall—

19 “(1) specify the purposes for which the real  
20 property may be used;

21 “(2) identify any conservation measure to be  
22 taken, and any recreational and wildlife use to be al-  
23 lowed, with respect to the real property; and

24 “(3) require the owner to permit the Secretary,  
25 and any person or governmental entity designated by  
26 the Secretary, to have access to the real property for

1 the purpose of monitoring compliance with the con-  
2 tract.

3 “(d) REDUCTION OR FORGIVENESS OF DEBT.—

4 “(1) IN GENERAL.—Subject to this section, the  
5 Secretary may reduce or forgive the outstanding  
6 debt of a borrower—

7 “(A) in the case of a borrower to whom the  
8 Secretary has made an outstanding loan under  
9 a law administered by the Secretary, by can-  
10 celing that part of the aggregate amount of the  
11 outstanding loan that bears the same ratio to  
12 the aggregate amount as—

13 “(i) the number of acres of the real  
14 property of the borrower that are subject  
15 to the contract; bears to

16 “(ii) the aggregate number of acres  
17 securing the loan; or

18 “(B) in any other case, by treating as pre-  
19 paid that part of the principal amount of a new  
20 loan to the borrower issued and held by the  
21 Secretary under a law administered by the Sec-  
22 retary that bears the same ratio to the principal  
23 amount as—

1                   “(i) the number of acres of the real  
2                   property of the borrower that are subject  
3                   to the contract; bears to

4                   “(ii) the aggregate number of acres  
5                   securing the new loan.

6                   “(2) MAXIMUM CANCELED AMOUNT.—The  
7                   amount canceled or treated as prepaid under para-  
8                   graph (1) shall not exceed—

9                   “(A) in the case of a delinquent loan, the  
10                  greater of—

11                  “(i) the value of the land on which the  
12                  contract is entered into; or

13                  “(ii) the difference between—

14                          “(I) the amount of the out-  
15                          standing loan secured by the land;  
16                          and

17                          “(II) the value of the land; or

18                  “(B) in the case of a nondelinquent loan,  
19                  33 percent of the amount of the loan secured  
20                  by the land.

21                  “(e) CONSULTATION WITH FISH AND WILDLIFE  
22                  SERVICE.—If the Secretary uses the authority provided by  
23                  this section, the Secretary shall consult with the Director  
24                  of the Fish and Wildlife Service for the purposes of—

1           “(1) selecting real property in which the Sec-  
2           retary may enter into a contract under this section;

3           “(2) formulating the terms and conditions of  
4           the contract; and

5           “(3) enforcing the contract.

6           “(f) ENFORCEMENT.—The Secretary, and any person  
7           or governmental entity designated by the Secretary, may  
8           enforce a contract entered into by the Secretary under this  
9           section.

10   **“SEC. 3411. DEBT RESTRUCTURING AND LOAN SERVICING.**

11           “(a) IN GENERAL.—The Secretary shall modify a de-  
12           linquent farmer program loan made or guaranteed under  
13           this subtitle, or purchased from the lender or the Federal  
14           Deposit Insurance Corporation under section 3902, to the  
15           maximum extent practicable—

16           “(1) to avoid a loss to the Secretary on the  
17           loan, with priority consideration being placed on  
18           writing-down the loan principal and interest (subject  
19           to subsections (d) and (e)), and debt set-aside (sub-  
20           ject to subsection (e)), to facilitate keeping the bor-  
21           rower on the farm, or otherwise through the use of  
22           primary loan service programs under this section;  
23           and

24           “(2) to ensure that a borrower is able to con-  
25           tinue farming operations.

1       “(b) ELIGIBILITY.—To be eligible to obtain assist-  
2       ance under subsection (a)—

3               “(1) the delinquency shall be due to a cir-  
4       cumstance beyond the control of the borrower, as de-  
5       fined in regulations issued by the Secretary, except  
6       that the regulations shall require that, if the value  
7       of the assets calculated under subsection  
8       (c)(2)(A)(ii) that may be realized through liquida-  
9       tion or other methods would produce enough income  
10      to make the delinquent loan current, the borrower  
11      shall not be eligible for assistance under subsection  
12      (a);

13              “(2) the borrower shall have acted in good faith  
14      with the Secretary in connection with the loan as de-  
15      fined in regulations issued by the Secretary;

16              “(3) the borrower shall present a preliminary  
17      plan to the Secretary that contains reasonable as-  
18      sumptions that demonstrate that the borrower will  
19      be able—

20                      “(A) to meet the necessary family living  
21                      and farm operating expenses of the borrower;  
22                      and

23                      “(B) to service all debts of the borrower,  
24                      including restructured loans; and

1           “(4) the loan, if restructured, shall result in a  
2 net recovery to the Federal Government, during the  
3 term of the loan as restructured, that would be more  
4 than or equal to the net recovery to the Federal  
5 Government from an involuntary liquidation or fore-  
6 closure on the property securing the loan.

7           “(c) RESTRUCTURING DETERMINATIONS.—

8           “(1) DETERMINATION OF NET RECOVERY.—In  
9 determining the net recovery from the involuntary  
10 liquidation of a loan under this section, the Sec-  
11 retary shall calculate—

12                   “(A) the recovery value of the collateral se-  
13 curing the loan, in accordance with paragraph  
14 (2); and

15                   “(B) the value of the restructured loan, in  
16 accordance with paragraph (3).

17           “(2) RECOVERY VALUE.—For the purpose of  
18 paragraph (1), the recovery value of the collateral  
19 securing the loan shall be based on the difference be-  
20 tween—

21                   “(A)(i) the amount of the current ap-  
22 praised value of the interests of the borrower in  
23 the property securing the loan; and

24                   “(ii) the value of the interests of the bor-  
25 rower in all other assets that are—

1                   “(I) not essential for necessary family  
2 living expenses;

3                   “(II) not essential to the operation of  
4 the farm; and

5                   “(III) not exempt from judgment  
6 creditors or in a bankruptcy action under  
7 Federal or State law;

8                   “(B) the estimated administrative, attor-  
9 ney, and other expenses associated with the liq-  
10 uidation and disposition of the loan and collat-  
11 eral, including—

12                   “(i) the payment of prior liens;

13                   “(ii) taxes and assessments, deprecia-  
14 tion, management costs, the yearly per-  
15 centage decrease or increase in the value of  
16 the property, and lost interest income, each  
17 calculated for the average holding period  
18 for the type of property involved;

19                   “(iii) resale expenses, such as repairs,  
20 commissions, and advertising; and

21                   “(iv) other administrative and attor-  
22 ney costs; and

23                   “(C) the value, as determined by the Sec-  
24 retary, of any property not included in subpara-  
25 graph (A)(i) if the property is specified in any

1 security agreement with respect to the loan and  
2 the Secretary determines that the value of the  
3 property should be included for purposes of this  
4 section.

5 “(3) VALUE OF THE RESTRUCTURED LOAN.—

6 “(A) IN GENERAL.—For the purpose of  
7 paragraph (1), the value of the restructured  
8 loan shall be based on the present value of pay-  
9 ments that the borrower would make to the  
10 Federal Government if the terms of the loan  
11 were modified under any combination of pri-  
12 mary loan service programs to ensure that the  
13 borrower is able to meet the obligations and  
14 continue farming operations.

15 “(B) PRESENT VALUE.—For the purpose  
16 of calculating the present value referred to in  
17 subparagraph (A), the Secretary shall use a dis-  
18 count rate of not more than the current rate at  
19 the time of the calculation of 90-day Treasury  
20 bills.

21 “(C) CASH FLOW MARGIN.—For the pur-  
22 pose of assessing under subparagraph (A) the  
23 ability of a borrower to meet debt obligations  
24 and continue farming operations, the Secretary  
25 shall assume that the borrower needs up to 110

1           percent of the amount indicated for payment of  
2           farm operating expenses, debt service obliga-  
3           tions, and family living expenses.

4           “(4) NOTIFICATION.—Not later than 90 days  
5           after receipt of a written request for restructuring  
6           from the borrower, the Secretary shall—

7                   “(A) make the calculations specified in  
8                   paragraphs (2) and (3);

9                   “(B) notify the borrower in writing of the  
10                  results of the calculations; and

11                  “(C) provide documentation for the cal-  
12                  culations.

13           “(5) RESTRUCTURING OF LOANS.—

14                   “(A) IN GENERAL.—If the value of a re-  
15                   structured loan is greater than or equal to the  
16                   recovery value of the collateral securing the  
17                   loan, not later than 45 days after notifying the  
18                   borrower under paragraph (4), the Secretary  
19                   shall offer to restructure the loan obligations of  
20                   the borrower under this title through primary  
21                   loan service programs that would enable the  
22                   borrower to meet the obligations (as modified)  
23                   under the loan and to continue the farming op-  
24                   erations of the borrower.

1           “(B) RESTRUCTURING.—If the borrower  
2           accepts an offer under subparagraph (A), not  
3           later than 45 days after receipt of notice of ac-  
4           ceptance, the Secretary shall restructure the  
5           loan accordingly.

6           “(6) TERMINATION OF LOAN OBLIGATIONS.—  
7           The obligations of a borrower to the Secretary under  
8           a loan shall terminate if—

9           “(A) the borrower satisfies the require-  
10          ments of paragraphs (1) and (2) of subsection  
11          (b);

12          “(B) the value of the restructured loan is  
13          less than the recovery value; and

14          “(C) not later than 90 days after receipt  
15          of the notification described in paragraph  
16          (4)(B), the borrower pays (or obtains third-  
17          party financing to pay) the Secretary an  
18          amount equal to the current market value.

19          “(7) NEGOTIATION OF APPRAISAL.—

20          “(A) IN GENERAL.—In making a deter-  
21          mination concerning restructuring under this  
22          subsection, the Secretary, at the request of the  
23          borrower, shall enter into negotiations with the  
24          borrower concerning appraisals required under  
25          this subsection.

1 “(B) INDEPENDENT APPRAISAL.—

2 “(i) IN GENERAL.—If the borrower,  
3 based on a separate current appraisal, ob-  
4 jects to the decision of the Secretary re-  
5 garding an appraisal, the borrower and the  
6 Secretary shall mutually agree, to the ex-  
7 tent practicable, on an independent ap-  
8 praiser who shall conduct another ap-  
9 praisal of the property of the borrower.

10 “(ii) VALUE OF FINAL APPRAISAL.—  
11 The average of the 2 appraisals under  
12 clause (i) that are closest in value shall be-  
13 come the final appraisal under this para-  
14 graph.

15 “(iii) COST OF APPRAISAL.—The bor-  
16 rower and the Secretary shall each pay  $\frac{1}{2}$   
17 of the cost of any independent appraisal.

18 “(d) PRINCIPAL AND INTEREST WRITE-DOWN.—

19 “(1) IN GENERAL.—

20 “(A) PRIORITY CONSIDERATION.—In se-  
21 lecting the restructuring alternatives to be used  
22 in the case of a borrower who has requested re-  
23 structuring under this section, the Secretary  
24 shall give priority consideration to the use of a  
25 principal and interest write-down if other credi-

1           tors of the borrower (other than any creditor  
2           who is fully collateralized) representing a sub-  
3           stantial portion of the total debt of the bor-  
4           rower held by the creditors of the borrower,  
5           agree to participate in the development of the  
6           restructuring plan or agree to participate in a  
7           State mediation program.

8           “(B) FAILURE OF CREDITORS TO  
9           AGREE.—Failure of creditors to agree to par-  
10          ticipate in the restructuring plan or mediation  
11          program shall not preclude the use of a prin-  
12          cipal and interest write-down by the Secretary  
13          if the Secretary determines that restructuring  
14          results in the least cost to the Secretary.

15          “(2) PARTICIPATION OF CREDITORS.—Before  
16          eliminating the option to use debt write-down in the  
17          case of a borrower, the Secretary shall make a rea-  
18          sonable effort to contact the creditors of the bor-  
19          rower, either directly or through the borrower, and  
20          encourage the creditors to participate with the Sec-  
21          retary in the development of a restructuring plan for  
22          the borrower.

23          “(e) SHARED APPRECIATION ARRANGEMENTS.—

24                 “(1) IN GENERAL.—As a condition of restruc-  
25          turing a loan in accordance with this section, the

1 borrower of the loan may be required to enter into  
2 a shared appreciation arrangement that requires the  
3 repayment of amounts written off or set aside.

4 “(2) TERMS.—A shared appreciation agreement  
5 shall—

6 “(A) have a term not to exceed 10 years;  
7 and

8 “(B) provide for recapture based on the  
9 difference between the appraised values of the  
10 real security property at the time of restruc-  
11 turing and at the time of recapture.

12 “(3) PERCENTAGE OF RECAPTURE.—The  
13 amount of the appreciation to be recaptured by the  
14 Secretary shall be—

15 “(A) 75 percent of the appreciation in the  
16 value of the real security property if the recap-  
17 ture occurs not later than 4 years after the date  
18 of restructuring; and

19 “(B) 50 percent if the recapture occurs  
20 during the remainder of the term of the agree-  
21 ment.

22 “(4) TIME OF RECAPTURE.—Recapture shall  
23 take place on the date that is the earliest of—

24 “(A) the end of the term of the agreement;

1           “(B) the conveyance of the real security  
2           property;

3           “(C) the repayment of the loans; or

4           “(D) the cessation of farming operations  
5           by the borrower.

6           “(5) TRANSFER OF TITLE.—Transfer of title to  
7           the spouse of a borrower on the death of the bor-  
8           rower shall not be treated as a conveyance for the  
9           purpose of paragraph (4).

10          “(6) NOTICE OF RECAPTURE.—Not later than  
11          12 months before the end of the term of a shared  
12          appreciation arrangement, the Secretary shall notify  
13          the borrower involved of the provisions of the ar-  
14          rangement.

15          “(7) FINANCING OF RECAPTURE PAYMENT.—

16                 “(A) IN GENERAL.—The Secretary may  
17                 amortize a recapture payment owed to the Sec-  
18                 retary under this subsection.

19                 “(B) TERM.—The term of an amortization  
20                 under this paragraph may not exceed 25 years.

21                 “(C) INTEREST RATE.—The interest rate  
22                 applicable to an amortization under this para-  
23                 graph may not exceed the rate applicable to a  
24                 loan to reacquire homestead property less 100  
25                 basis points.

1 “(D) REAMORTIZATION.—

2 “(i) IN GENERAL.—The Secretary  
3 may modify the amortization of a recap-  
4 ture payment referred to in subparagraph  
5 (A) of this paragraph on which a payment  
6 has become delinquent if—

7 “(I) the default is due to cir-  
8 cumstances beyond the control of the  
9 borrower; and

10 “(II) the borrower acted in good  
11 faith (as determined by the Secretary)  
12 in attempting to repay the recapture  
13 amount.

14 “(ii) LIMITATIONS.—

15 “(I) TERM OF REAMORTIZA-  
16 TION.—The term of a reamortization  
17 under this subparagraph may not ex-  
18 ceed 25 years from the date of the  
19 original amortization agreement.

20 “(II) NO REDUCTION OR PRIN-  
21 CIPAL OR UNPAID INTEREST DUE.—A  
22 reamortization of a recapture payment  
23 under this subparagraph may not pro-  
24 vide for reducing the outstanding

1 principal or unpaid interest due on  
2 the recapture payment.

3 “(f) INTEREST RATES.—Any loan for farm owner-  
4 ship purposes, farm operating purposes, or disaster emer-  
5 gency purposes, other than a guaranteed loan, that is de-  
6 ferred, consolidated, rescheduled, or reamortized shall,  
7 notwithstanding any other provision of this subtitle, bear  
8 interest on the balance of the original loan and for the  
9 term of the original loan at a rate that is the lowest of—

10 “(1) the rate of interest on the original loan;

11 “(2) the rate being charged by the Secretary  
12 for loans, other than guaranteed loans, of the same  
13 type at the time at which the borrower applies for  
14 a deferral, consolidation, rescheduling, or re-  
15 amortization; or

16 “(3) the rate being charged by the Secretary  
17 for loans, other than guaranteed loans, of the same  
18 type at the time of the deferral, consolidation, re-  
19 scheduling, or reamortization.

20 “(g) PREREQUISITES TO FORECLOSURE OR LIQUIDA-  
21 TION.—No foreclosure or other similar action shall be  
22 taken to liquidate any loan determined to be ineligible for  
23 restructuring by the Secretary under this section—

24 “(1) until the borrower has been given the op-  
25 portunity to appeal the decision; and

1           “(2) if the borrower appeals, the appeals proc-  
2           ess has been completed, and a determination has  
3           been made that the loan is ineligible for restruc-  
4           turing.

5           “(h) NOTICE OF INELIGIBILITY FOR RESTRUC-  
6           TURING.—

7           “(1) IN GENERAL.—A notice of ineligibility for  
8           restructuring shall be sent to the borrower by reg-  
9           istered or certified mail not later than 15 days after  
10          a determination of ineligibility.

11          “(2) CONTENTS.—The notice required under  
12          paragraph (1) shall contain—

13                 “(A) the determination and the reasons for  
14                 the determination;

15                 “(B) the computations used to make the  
16                 determination, including the calculation of the  
17                 recovery value of the collateral securing the  
18                 loan; and

19                 “(C) a statement of the right of the bor-  
20                 rower to appeal the decision to the appeals divi-  
21                 sion, and to appear before a hearing officer.

22          “(i) INDEPENDENT APPRAISALS.—

23                 “(1) IN GENERAL.—An appeal may include a  
24                 request by the borrower for an independent ap-  
25                 praisal of any property securing the loan.

1           “(2) PROCESS FOR APPRAISAL.—On a request  
2           under paragraph (1), the Secretary shall present the  
3           borrower with a list of 3 appraisers approved by the  
4           county supervisor, from which the borrower shall se-  
5           lect an appraiser to conduct the appraisal.

6           “(3) COST.—The cost of an appraisal under  
7           this subsection shall be paid by the borrower.

8           “(4) RESULT.—The result of an appraisal  
9           under this subsection shall be considered in any final  
10          determination concerning the loan.

11          “(5) COPY.—A copy of any appraisal under this  
12          subsection shall be provided to the borrower.

13          “(j) PARTIAL LIQUIDATIONS.—If a partial liquida-  
14          tion of a delinquent loan is performed (with the prior con-  
15          sent of the Secretary) as part of loan servicing by a guar-  
16          anteed lender under this title, the Secretary shall not re-  
17          quire full liquidation of the loan for the lender to be eligi-  
18          ble to receive payment on losses.

19          “(k) ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-  
20          OUT PER BORROWER FOR A LOAN MADE AFTER JANU-  
21          ARY 6, 1988.—

22          “(1) IN GENERAL.—The Secretary may provide  
23          for each borrower not more than 1 write-down or net  
24          recovery buy-out under this section with respect to

1 all loans made to the borrower after January 6,  
2 1988.

3 “(2) SPECIAL RULE.—For purposes of para-  
4 graph (1), the Secretary shall treat any loan made  
5 on or before January 6, 1988, with respect to which  
6 a restructuring, write-down, or net recovery buy-out  
7 is provided under this section after January 6, 1988,  
8 as a loan made after January 6, 1988.

9 “(1) LIQUIDATION OF ASSETS.—The Secretary may  
10 not use the authority provided by this section to reduce  
11 or terminate any portion of the debt of the borrower that  
12 the borrower could pay through the liquidation of assets  
13 (or through the payment of the loan value of the assets,  
14 if the loan value is greater than the liquidation value) de-  
15 scribed in subsection (c)(2)(A)(ii).

16 “(m) LIFETIME LIMITATION ON DEBT FORGIVENESS  
17 PER BORROWER.—The Secretary may provide each bor-  
18 rower not more than \$300,000 in principal and interest  
19 forgiveness under this section.

20 **“SEC. 3412. RELIEF FOR MOBILIZED MILITARY RESERVISTS**  
21 **FROM CERTAIN AGRICULTURAL LOAN OBLI-**  
22 **GATIONS.**

23 “(a) DEFINITION OF MOBILIZED MILITARY RESERV-  
24 IST.—In this section, the term ‘mobilized military reserv-  
25 ist’ means an individual who—

1           “(1) is on active duty under section 688,  
2           12301(a), 12301(g), 12302, 12304, 12306, or  
3           12406, or chapter 15 of title 10, United States  
4           Code, or any other provision of law during a war or  
5           during a national emergency declared by the Presi-  
6           dent or Congress, regardless of the location at which  
7           the active duty service is performed; or

8           “(2) in the case of a member of the National  
9           Guard, is on full-time National Guard duty (as de-  
10          fined in section 101(d)(5) of title 10, United States  
11          Code) under a call to active service authorized by  
12          the President or the Secretary of Defense for a pe-  
13          riod of more than 30 consecutive days under section  
14          502(f) of title 32, United States Code, for purposes  
15          of responding to a national emergency declared by  
16          the President and supported by Federal funds.

17          “(b) FORGIVENESS OF INTEREST PAYMENTS DUE  
18          WHILE BORROWER IS A MOBILIZED MILITARY RESERV-  
19          IST.—Any requirement that a borrower of a direct loan  
20          made under this subtitle make any interest payment on  
21          the loan that would otherwise be required to be made while  
22          the borrower is a mobilized military reservist is rescinded.

23          “(c) DEFERRAL OF PRINCIPAL PAYMENTS DUE  
24          WHILE OR AFTER BORROWER IS A MOBILIZED MILITARY  
25          RESERVIST.—The due date of any payment of principal

1 on a direct loan made to a borrower under this subtitle  
2 that would otherwise be required to be made while or after  
3 the borrower is a mobilized military reservist is deferred  
4 for a period equal in length to the period for which the  
5 borrower is a mobilized military reservist.

6 “(d) **NONACCRUAL OF INTEREST.**—Interest on a di-  
7 rect loan made to a borrower described in this section shall  
8 not accrue during the period the borrower is a mobilized  
9 military reservist.

10 “(e) **BORROWER NOT CONSIDERED TO BE DELIN-**  
11 **QUENT OR RECEIVING DEBT FORGIVENESS.**—Notwith-  
12 standing section 3425 or any other provision of this title,  
13 a borrower who receives assistance under this section shall  
14 not, as a result of the assistance, be considered to be delin-  
15 quent or receiving debt forgiveness for purposes of receiv-  
16 ing a direct or guaranteed loan under this subtitle.

17 **“SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

18 “(a) **ESTABLISHMENT OF PROGRAM.**—The Secretary  
19 shall establish and carry out in accordance with this sec-  
20 tion an interest rate reduction program for any loan guar-  
21 anteed under this subtitle.

22 “(b) **ENTERING INTO CONTRACTS.**—The Secretary  
23 shall enter into a contract with, and make payments to,  
24 an institution to reduce, during the term of the contract,

1 the interest rate paid by the borrower on the guaranteed  
2 loan if—

3 “(1) the borrower—

4 “(A) is unable to obtain credit elsewhere;

5 “(B) is unable to make payments on the  
6 loan in a timely manner; and

7 “(C) during the 24-month period beginning  
8 on the date on which the contract is entered  
9 into, has a total estimated cash income, includ-  
10 ing all farm and nonfarm income, that will  
11 equal or exceed the total estimated cash ex-  
12 penses, including all farm and nonfarm ex-  
13 penses, to be incurred by the borrower during  
14 the period; and

15 “(2) during the term of the contract, the lender  
16 reduces the annual rate of interest payable on the  
17 loan by a minimum percentage specified in the con-  
18 tract.

19 “(c) PAYMENTS.—

20 “(1) IN GENERAL.—Subject to paragraph (2),  
21 in return for a contract entered into by a lender  
22 under subsection (b) for the reduction of the interest  
23 rate paid on a loan, the Secretary shall make pay-  
24 ments to the lender in an amount equal to not more

1           than 100 percent of the cost of reducing the annual  
2           rate of interest payable on the loan.

3           “(2) LIMITATION.—Payments under paragraph  
4           (1) may not exceed the cost of reducing the rate by  
5           more than 400 basis points.

6           “(d) TERM.—The term of a contract entered into  
7           under this section to reduce the interest rate on a guaran-  
8           teed loan may not exceed the outstanding term of the loan.

9           “(e) LIST OF APPROVED LENDERS.—The Secretary  
10          shall make available to any farmer, on request, a list of  
11          lenders in the area that participate in guaranteed farm  
12          loan programs established under this subtitle, and other  
13          lenders in the area that express a desire to participate in  
14          the programs and that request inclusion on the list.

15          “(f) CONDITION ON FORECLOSURE.—Notwith-  
16          standing any other law, any contract of guarantee on a  
17          farm loan entered into under this subtitle shall contain  
18          a condition that the lender of the loan may not initiate  
19          a foreclosure action on the loan until 60 days after a de-  
20          termination is made with respect to the eligibility of the  
21          borrower to participate in the program established under  
22          this section.

23          **“SEC. 3414. HOMESTEAD PROPERTY.**

24          “(a) DEFINITIONS.—In this section:

1           “(1) ADMINISTRATOR.—The term ‘Adminis-  
2           trator’ means the Administrator of the Small Busi-  
3           ness Administration.

4           “(2) BORROWER-OWNER.—The term ‘borrower-  
5           owner’ means—

6                   “(A) a borrower-owner of a loan made or  
7                   guaranteed by the Secretary or the Adminis-  
8                   trator who meets the eligibility requirements of  
9                   subsection (c)(1); or

10                   “(B) in a case in which an owner of home-  
11                   stead property pledged the property to secure  
12                   the loan and the owner is different than the  
13                   borrower, the owner.

14           “(3) FARM PROGRAM LOAN.—The term ‘farm  
15           program loan’ means a loan made by the Adminis-  
16           trator under the Small Business Act (15 U.S.C. 631  
17           et seq.) for any of the purposes authorized for loans  
18           under chapter 1 or 2.

19           “(4) HOMESTEAD PROPERTY.—The term  
20           ‘homestead property’ means—

21                   “(A) the principal residence and adjoining  
22                   property possessed and occupied by a borrower-  
23                   owner, including a reasonable number of farm  
24                   outbuildings located on the adjoining land that

1           are useful to any occupant of the homestead;  
2           and

3                   “(B) not more than 10 acres of adjoining  
4           land that is used to maintain the family of the  
5           borrower-owner.

6           “(b) RETENTION OF HOMESTEAD PROPERTY.—

7                   “(1) IN GENERAL.—The Secretary or the Ad-  
8           ministrator shall, on application by a borrower-  
9           owner who meets the eligibility requirements of sub-  
10          section (c)(1), permit the borrower-owner to retain  
11          possession and occupancy of homestead property  
12          under the terms set forth, and until the action de-  
13          scribed in this section has been completed, if—

14                   “(A) the Secretary forecloses or takes into  
15          inventory property securing a loan made under  
16          this subtitle;

17                   “(B) the Administrator forecloses or takes  
18          into inventory property securing a farm pro-  
19          gram loan made under the Small Business Act  
20          (15 U.S.C. 631 et seq.); or

21                   “(C) the borrower-owner of a loan made by  
22          the Secretary or the Administrator files a peti-  
23          tion in bankruptcy that results in the convey-  
24          ance of the homestead property to the Secretary  
25          or the Administrator, or agrees to voluntarily

1 liquidate or convey the property in whole or in  
2 part.

3 “(2) PERIOD OF OCCUPANCY.—Subject to sub-  
4 section (c), the Secretary or the Administrator shall  
5 not grant a period of occupancy of less than 3 nor  
6 more than 5 years.

7 “(c) ELIGIBILITY.—

8 “(1) IN GENERAL.—To be eligible to occupy  
9 homestead property, a borrower-owner of a loan  
10 made by the Secretary or the Administrator shall—

11 “(A) apply for the occupancy not later  
12 than 30 days after the property is acquired by  
13 the Secretary or Administrator;

14 “(B) have received from farming oper-  
15 ations gross farm income that is reasonably  
16 commensurate with—

17 “(i) the size and location of the farm-  
18 ing unit of the borrower-owner; and

19 “(ii) local agricultural conditions (in-  
20 cluding natural and economic conditions),  
21 during at least 2 calendar years of the 6-  
22 year period preceding the calendar year in  
23 which the application is made;

24 “(C) have received from farming oper-  
25 ations at least 60 percent of the gross annual

1 income of the borrower-owner and any spouse  
2 of the borrower-owner during at least 2 cal-  
3 endar years of the 6-year period described in  
4 subparagraph (B);

5 “(D) have continuously occupied the home-  
6 stead property during the 6-year period de-  
7 scribed in subparagraph (B), except that the re-  
8 quirement of this subparagraph may be waived  
9 if a borrower-owner, due to circumstances be-  
10 yond the control of the borrower-owner, had to  
11 leave the homestead property for a period of  
12 time not to exceed 12 months during the 6-year  
13 period;

14 “(E) during the period of occupancy of the  
15 homestead property, pay a reasonable sum as  
16 rent for the property to the Secretary or the  
17 Administrator in an amount substantially equiv-  
18 alent to rents charged for similar residential  
19 properties in the area in which the homestead  
20 property is located;

21 “(F) during the period of the occupancy of  
22 the homestead property, maintain the property  
23 in good condition; and

1           “(G) meet such other reasonable and nec-  
2           essary terms and conditions as the Secretary  
3           may require.

4           “(2) DEFINITION OF FARMING OPERATIONS.—  
5           In subparagraphs (B) and (C) of paragraph (1), the  
6           term ‘farming operations’ includes rent paid by a  
7           lessee of agricultural land during a period in which  
8           the borrower-owner, due to circumstances beyond  
9           the control of the borrower-owner, is unable to ac-  
10          tively farm the land.

11          “(3) TERMINATION OF RIGHTS.—

12           “(A) IN GENERAL.—For purposes of para-  
13           graph (1)(E), the failure of the borrower-owner  
14           to make a timely rental payment shall con-  
15           stitute cause for the termination of all rights of  
16           the borrower-owner to possession and occu-  
17           pancy of the homestead property under this sec-  
18           tion.

19           “(B) PROCEDURE FOR TERMINATION.—In  
20           effecting a termination under subparagraph  
21           (A), the Secretary shall—

22           “(i) afford the borrower-owner or les-  
23           see the notice and hearing procedural  
24           rights described in subtitle H of the De-

1                   partment of Agriculture Reorganization  
2                   Act of 1994 (7 U.S.C. 6991 et seq.); and

3                   “(ii) comply with any applicable State  
4                   and local law governing eviction of a per-  
5                   son from residential property.

6                   “(4) RIGHTS OF BORROWER-OWNER.—

7                   “(A) PERIOD OF OCCUPANCY.—Subject to  
8                   subsection (b)(2), the period of occupancy al-  
9                   lowed the borrower-owner of homestead prop-  
10                  erty under this section shall be the period re-  
11                  quested in writing by the borrower-owner.

12                  “(B) RIGHT TO REACQUIRE.—

13                  “(i) IN GENERAL.—During the period  
14                  the borrower-owner occupies the homestead  
15                  property, the borrower-owner shall have a  
16                  right to reacquire the homestead property  
17                  on such terms and conditions as the Sec-  
18                  retary shall determine.

19                  “(ii) INDEPENDENT APPRAISAL.—The  
20                  Secretary may not demand a payment for  
21                  the homestead property that is in excess of  
22                  the current market value of the homestead  
23                  property as established by an independent  
24                  appraisal.

1                   “(iii) CONDUCT OF APPRAISAL.—An  
2                   independent appraisal under clause (ii)  
3                   shall be conducted by an appraiser selected  
4                   by the borrower-owner from a list of 3 ap-  
5                   praisers approved by the county supervisor.

6                   “(5) TRANSFER OF RIGHTS.—

7                   “(A) IN GENERAL.—Except as provided in  
8                   subparagraph (B), no right of a borrower-owner  
9                   under this section, and no agreement entered  
10                  into between the borrower-owner and the Sec-  
11                  retary for occupancy of the homestead property,  
12                  shall be transferable or assignable by the bor-  
13                  rower-owner or by operation of law.

14                  “(B) DEATH OR INCOMPETENCY.—In the  
15                  case of death or incompetency of the borrower-  
16                  owner, the right and agreement shall be trans-  
17                  ferable to a spouse of the borrower-owner if the  
18                  spouse agrees to comply with any terms and  
19                  conditions of the right or agreement.

20                  “(6) NOTIFICATION.—Not later than the date  
21                  of acquisition of the property securing a loan made  
22                  under this title, the Secretary shall notify the bor-  
23                  rower-owner of the property of the availability of  
24                  homestead protection rights under this section.

25                  “(d) END OF PERIOD OF OCCUPANCY.—

1           “(1) IN GENERAL.—At the end of the period of  
2 occupancy allowed a borrower-owner under sub-  
3 section (c), the Secretary or the Administrator shall  
4 grant to the borrower-owner a right of first refusal  
5 to reacquire the homestead property on such terms  
6 and conditions (which may include payment of prin-  
7 cipal in installments) as the Secretary or the Admin-  
8 istrator shall determine.

9           “(2) TERMS AND CONDITIONS.—The terms and  
10 conditions granted under paragraph (1) may not be  
11 less favorable than those offered by the Secretary or  
12 Administrator or intended by the Secretary or Ad-  
13 ministrator to be offered to any other buyer.

14           “(e) MAXIMUM PAYMENT OF PRINCIPAL.—

15           “(1) IN GENERAL.—At the time a reacquisition  
16 agreement is entered into, the Secretary or the Ad-  
17 ministrator may not demand a total payment of  
18 principal that is in excess of the value of the home-  
19 stead property.

20           “(2) DETERMINATION OF VALUE.—To the max-  
21 imum extent practicable, the value of the homestead  
22 property shall be determined by an independent ap-  
23 praisal made during the 180 day period beginning  
24 on the date of receipt of the application of the bor-

1           borrower-owner to retain possession and occupancy of  
2           the homestead property.

3           “(f) TITLE NOT NEEDED TO ENTER INTO CON-  
4 TRACTS.—The Secretary may enter into a contract au-  
5 thorized by this section before the Secretary acquires title  
6 to the homestead property that is the subject of the con-  
7 tract.

8           “(g) STATE LAW PREVAILS.—In the event of a con-  
9 flict between this section and a provision of State law re-  
10 lating to the right of a borrower-owner to designate for  
11 separate sale or redeem part or all of the real property  
12 securing a loan foreclosed on by a lender to the borrower-  
13 owner, the provision of State law shall prevail.

14 **“SEC. 3415. TRANSFER OF INVENTORY LAND.**

15           “(a) IN GENERAL.—Subject to subsection (b), the  
16 Secretary may transfer to a Federal or State agency, for  
17 conservation purposes, any real property, or interest in  
18 real property, administered by the Secretary under this  
19 subtitle—

20                   “(1) with respect to which the rights of all prior  
21 owners and operators have expired;

22                   “(2) that is eligible to be disposed of in accord-  
23 ance with section 3409; and

24                   “(3) that—

1           “(A) has marginal value for agricultural  
2           production;

3           “(B) is environmentally sensitive; or

4           “(C) has special management importance.

5           “(b) CONDITIONS.—The Secretary may not transfer  
6 any property or interest in property under subsection (a)  
7 unless—

8           “(1) at least 2 public notices are given of the  
9           transfer;

10           “(2) if requested, at least 1 public meeting is  
11           held prior to the transfer; and

12           “(3) the Governor and at least 1 elected county  
13           official of the State and county in which the prop-  
14           erty is located are consulted prior to the transfer.

15 **“SEC. 3416. TARGET PARTICIPATION RATES.**

16           “(a) ESTABLISHMENT.—

17           “(1) IN GENERAL.—The Secretary shall estab-  
18           lish annual target participation rates, on a county-  
19           wide basis, that shall ensure that members of so-  
20           cially disadvantaged groups shall—

21           “(A) receive loans made or guaranteed  
22           under chapter 1; and

23           “(B) have the opportunity to purchase or  
24           lease farmland acquired by the Secretary under  
25           this subtitle.

1           “(2) GROUP POPULATION.—Except as provided  
2           in paragraph (3), in establishing the target rates,  
3           the Secretary shall take into consideration—

4                   “(A) the portion of the population of the  
5                   county made up of the socially disadvantaged  
6                   groups; and

7                   “(B) the availability of inventory farmland  
8                   in the county.

9           “(3) GENDER.—In the case of gender, target  
10           participation rates shall take into consideration the  
11           number of current and potential socially disadvan-  
12           taged farmers in a State in proportion to the total  
13           number of farmers in the State.

14           “(b) RESERVATION AND ALLOCATION.—

15                   “(1) RESERVATION.—To the maximum extent  
16                   practicable, the Secretary shall reserve sufficient  
17                   loan funds made available under chapter 1 for use  
18                   by members of socially disadvantaged groups identi-  
19                   fied under target participation rates established  
20                   under subsection (a).

21                   “(2) ALLOCATION.—The Secretary shall allo-  
22                   cate the loans on the basis of the proportion of  
23                   members of socially disadvantaged groups in a coun-  
24                   ty and the availability of inventory farmland, with  
25                   the greatest amount of loan funds being distributed

1 in the county with the greatest proportion of socially  
2 disadvantaged group members and the greatest  
3 quantity of available inventory farmland.

4 “(3) INDIAN RESERVATIONS.—In distributing  
5 loan funds in counties within the boundaries of an  
6 Indian reservation, the Secretary shall allocate the  
7 funds on a reservation-wide basis.

8 “(c) OPERATING LOANS.—

9 “(1) ESTABLISHMENT.—

10 “(A) IN GENERAL.—The Secretary shall  
11 establish annual target participation rates that  
12 shall ensure that socially disadvantaged farmers  
13 receive loans made or guaranteed under chapter  
14 2.

15 “(B) CONSIDERATIONS.—In establishing  
16 the target rates, the Secretary shall consider  
17 the number of socially disadvantaged farmers in  
18 a State in proportion to the total number of  
19 farmers in the State.

20 “(2) RESERVATION AND ALLOCATION.—

21 “(A) IN GENERAL.—To the maximum ex-  
22 tent practicable, the Secretary shall reserve and  
23 allocate the proportion of the loan funds of each  
24 State made available under chapter 2 that is  
25 equal to the target participation rate of the

1 State for use by the socially disadvantaged  
2 farmers in the State.

3 “(B) DISTRIBUTION.—To the maximum  
4 extent practicable, the Secretary shall distribute  
5 the total loan funds reserved under subpara-  
6 graph (A) on a county-by-county basis accord-  
7 ing to the number of socially disadvantaged  
8 farmers in the county.

9 “(C) REALLOCATION OF UNUSED  
10 FUNDS.—Any funds reserved and allocated for  
11 purposes of this paragraph, but not used, shall  
12 be reallocated within the applicable State.

13 “(d) REPORT.—The Secretary shall prepare and sub-  
14 mit to the Committee on Agriculture of the House of Rep-  
15 resentatives and the Committee on Agriculture, Nutrition,  
16 and Forestry of the Senate a report that describes the an-  
17 nual target participation rates and the success in meeting  
18 the rates.

19 “(e) IMPLEMENTATION CONSISTENT WITH SUPREME  
20 COURT HOLDING.—Not later than 180 days after April  
21 4, 1996, the Secretary shall ensure that the implementa-  
22 tion of this section is consistent with the holding of the  
23 Supreme Court in *Adarand Constructors, Inc. v. Federico*  
24 *Pena*, Secretary of Transportation, 115 S. Ct. 2097  
25 (1995).

1 **“SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS OR**  
2 **CLAIMS BY GUARANTEED LENDER.**

3 “(a) **LOSS BY LENDER.**—If the lender of a guaran-  
4 teed farmer program loan takes any action described in  
5 section 3903(a)(4) with respect to the loan and the Sec-  
6 retary approves the action, for purposes of the guarantee,  
7 the lender shall be treated as having sustained a loss equal  
8 to the amount by which—

9 “(1) the outstanding balance of the loan imme-  
10 diately before the action; exceeds

11 “(2) the outstanding balance of the loan imme-  
12 diately after the action.

13 “(b) **NET PRESENT VALUE OF LOAN.**—The Sec-  
14 retary shall approve the taking of an action described in  
15 section 3903(a)(4) by the lender of a guaranteed farmer  
16 program loan with respect to the loan if the action reduces  
17 the net present value of the loan to an amount equal to  
18 not less than the greater of—

19 “(1) the greatest net present value of a loan the  
20 borrower could reasonably be expected to repay; and

21 “(2) the difference between—

22 “(A) the greatest amount that the lender  
23 of the loan could reasonably expect to recover  
24 from the borrower through bankruptcy, or liq-  
25 uidation of the property securing the loan; and



1       agement and credit counseling services (including a  
2       community college, the extension service of a State,  
3       a State department of agriculture, or a nonprofit or-  
4       ganization) to carry out this section.

5               “(2) CONSULTATION.—The Secretary may con-  
6       sult with the chief executive officer of a State con-  
7       cerning the identity of the contracting organization  
8       and the process for contracting.

9               “(c) ELIGIBILITY FOR LOANS.—

10              “(1) IN GENERAL.—Subject to paragraph (2),  
11       to be eligible to obtain a direct or guaranteed loan  
12       under this subtitle, a borrower shall be required to  
13       obtain management assistance under this section,  
14       appropriate to the management ability of the bor-  
15       rower, as determined by the appropriate county com-  
16       mittee, during the determination of eligibility for the  
17       loan.

18              “(2) LOAN CONDITIONS.—The need of a bor-  
19       rower who satisfies the criteria set out in section  
20       3101(b)(1)(B) or 3201(b)(1)(B) for management as-  
21       sistance under this section shall not be cause for de-  
22       nial of eligibility of the borrower for a direct or  
23       guaranteed loan under this subtitle.

24              “(d) GUIDELINES AND CURRICULUM.—The Sec-  
25       retary shall issue regulations establishing guidelines and

1 curriculum for the borrower training program established  
2 under this section.

3 “(e) PAYMENT.—A borrower—

4 “(1) shall pay for training received under this  
5 section; and

6 “(2) may use funds from operating loans made  
7 under chapter 2 to pay for the training.

8 “(f) WAIVERS.—

9 “(1) IN GENERAL.—The Secretary may waive  
10 the requirements of this section for an individual  
11 borrower on a determination by the county com-  
12 mittee that the borrower demonstrates adequate  
13 knowledge in areas described in this section.

14 “(2) CRITERIA.—The Secretary shall establish  
15 criteria providing for the application of paragraph  
16 (1) consistently in all counties nationwide.

17 **“SEC. 3420. LOAN ASSESSMENTS.**

18 “(a) IN GENERAL.—After an applicant is determined  
19 to be eligible for assistance under this title by the appro-  
20 priate county committee, the Secretary shall evaluate, in  
21 accordance with regulations issued by the Secretary, the  
22 farming plan and financial situation of each qualified  
23 farmer applicant.

1           “(b) DETERMINATIONS.—In evaluating the farming  
2 plan and financial situation of an applicant under this sec-  
3 tion, the Secretary shall determine—

4           “(1) the amount that the applicant needs to  
5 borrow to carry out the proposed farming plan;

6           “(2) the rate of interest that the applicant  
7 would need to be able to cover expenses and build  
8 an adequate equity base;

9           “(3) the goals of the proposed farming plan of  
10 the applicant;

11           “(4) the financial viability of the plan and any  
12 changes that are necessary to make the plan viable;  
13 and

14           “(5) whether assistance is necessary under this  
15 title and, if so, the amount of the assistance.

16           “(c) CONTRACT.—The Secretary may contract with  
17 a third party (including an entity that is eligible to provide  
18 borrower training under section 3419(b)) to conduct a  
19 loan assessment under this section.

20           “(d) REVIEW OF LOANS.—

21           “(1) IN GENERAL.—Loan assessments con-  
22 ducted under this section shall include biannual re-  
23 view of direct loans, and periodic review (as deter-  
24 mined necessary by the Secretary) of guaranteed  
25 loans, made under this title to assess the progress

1 of a borrower in meeting the goals for the farm op-  
2 eration.

3 “(2) CONTRACTS.—The Secretary may contract  
4 with an entity that is eligible to provide borrower  
5 training under section 3419(b) to conduct a loan re-  
6 view under paragraph (1).

7 “(3) PROBLEM ASSESSMENTS.—If a borrower is  
8 delinquent in payments on a direct or guaranteed  
9 loan made under this title, the Secretary or the con-  
10 tracting entity shall determine the cause of, and ac-  
11 tion necessary to correct, the delinquency.

12 “(e) GUIDELINES.—The Secretary shall issue regula-  
13 tions providing guidelines for loan assessments conducted  
14 under this section.

15 **“SEC. 3421. SUPERVISED CREDIT.**

16 “The Secretary shall provide adequate training to  
17 employees of the Farm Service Agency on credit analysis  
18 and financial and farm management—

19 “(1) to better acquaint the employees with what  
20 constitutes adequate financial data on which to base  
21 a direct or guaranteed loan approval decision; and

22 “(2) to ensure proper supervision of farmer  
23 program loans.

1 **“SEC. 3422. MARKET PLACEMENT.**

2 “The Secretary shall establish a market placement  
3 program for a qualified beginning farmer and any other  
4 borrower of farmer program loans that the Secretary be-  
5 lieves has a reasonable chance of qualifying for commercial  
6 credit with a guarantee provided under this subtitle.

7 **“SEC. 3423. RECORDKEEPING OF LOANS BY GENDER OF**  
8 **BORROWER.**

9 “The Secretary shall classify, by gender, records of  
10 applicants for loans and loan guarantees under this sub-  
11 title.

12 **“SEC. 3424. CROP INSURANCE REQUIREMENT.**

13 “(a) IN GENERAL.—As a condition of obtaining any  
14 benefit (including a direct loan, loan guarantee, or pay-  
15 ment) described in subsection (b), a borrower shall be re-  
16 quired to obtain at least catastrophic risk protection insur-  
17 ance coverage under section 508 of the Federal Crop In-  
18 surance Act (7 U.S.C. 1508) for the crop and crop year  
19 for which the benefit is sought, if the coverage is offered  
20 by the Federal Crop Insurance Corporation.

21 “(b) APPLICABLE BENEFITS.—Subsection (a) shall  
22 apply to—

23 “(1) a farm ownership loan under section 3102;

24 “(2) an operating loan under section 3202; and

25 “(3) an emergency loan under section 3301.

1 **“SEC. 3425. LOAN AND LOAN SERVICING LIMITATIONS.**

2 “(a) DELINQUENT BORROWERS PROHIBITED FROM  
3 OBTAINING DIRECT OPERATING LOANS.—The Secretary  
4 may not make a direct operating loan under chapter 2  
5 to a borrower who is delinquent on any loan made or guar-  
6 anteed under this subtitle.

7 “(b) LOANS PROHIBITED FOR BORROWERS THAT  
8 HAVE RECEIVED DEBT FORGIVENESS.—

9 “(1) PROHIBITIONS.—Except as provided in  
10 paragraph (2)—

11 “(A) the Secretary may not make a loan  
12 under this subtitle to a borrower that has re-  
13 ceived debt forgiveness on a loan made or guar-  
14 anteed under this title; and

15 “(B) the Secretary may not guarantee a  
16 loan under this subtitle to a borrower that has  
17 received—

18 “(i) debt forgiveness after April 4,  
19 1996, on a loan made or guaranteed under  
20 this title; or

21 “(ii) received debt forgiveness on more  
22 than 3 occasions on or before April 4,  
23 1996.

24 “(2) EXCEPTIONS.—

25 “(A) IN GENERAL.—The Secretary may  
26 make a direct or guaranteed farm operating

1           loan for paying annual farm or ranch operating  
2           expenses of a borrower who—

3                   “(i) was restructured with a write-  
4                   down under section 3411;

5                   “(ii) is current on payments under a  
6                   confirmed reorganization plan under chap-  
7                   ters 11, 12, or 13 of title 11 of the  
8                   United States Code; or

9                   “(iii) received debt forgiveness on not  
10                  more than 1 occasion resulting directly and  
11                  primarily from a major disaster or emer-  
12                  gency designated by the President on or  
13                  after April 4, 1996, under the Robert T.  
14                  Stafford Disaster Relief and Emergency  
15                  Assistance Act (42 U.S.C. 5121 et seq.).

16               “(B) EMERGENCY LOANS.—The Secretary  
17               may make an emergency loan under section  
18               3301 to a borrower that—

19                   “(i) on or before April 4, 1996, re-  
20                   ceived not more than 1 debt forgiveness on  
21                   a loan made or guaranteed under this title;  
22                   and

23                   “(ii) after April 4, 1996, has not re-  
24                   ceived debt forgiveness on a loan made or  
25                   guaranteed under this title.



1 specific authorization in a subsequent Act of Congress, a  
2 competitive sourcing activity of the Secretary, including  
3 support personnel of the Department, relating to rural de-  
4 velopment or farm loan programs.

5 **“SEC. 3429. PROHIBITION ON USE OF LOANS FOR CERTAIN**  
6 **PURPOSES.**

7 “(a) IN GENERAL.—Except as provided in subsection  
8 (b), the Secretary shall not approve any loan under this  
9 subtitle—

10 “(1) to drain, dredge, fill, level, or otherwise  
11 manipulate a wetland (as defined in section 1201(a)  
12 of the Food Security Act of 1985 (16 U.S.C.  
13 3801(a))); or

14 “(2) to engage in any activity that results in  
15 impairing or reducing the flow, circulation, or reach  
16 of water.

17 “(b) EXCEPTIONS.—Subsection (a) shall not apply—

18 “(1) in the case of activity related to the main-  
19 tenance of previously converted wetland;

20 “(2) in the case of such activity that is already  
21 commenced before November 28, 1990 or

22 “(3) to a loan made or guaranteed under this  
23 title for a utility line.

1 **“SEC. 3430. BEGINNING FARMER AND RANCHER INDI-**  
2 **VIDUAL DEVELOPMENT ACCOUNTS PILOT**  
3 **PROGRAM.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) DEMONSTRATION PROGRAM.—The term  
6 ‘demonstration program’ means a demonstration  
7 program carried out by a qualified entity under the  
8 pilot program established in subsection (b)(1).

9 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligi-  
10 ble participant’ means a qualified beginning farmer  
11 or rancher that—

12 “(A) lacks significant financial resources  
13 or assets; and

14 “(B) has an income that is less than—

15 “(i) 80 percent of the median income  
16 of the State in which the farmer or ranch-  
17 er resides; or

18 “(ii) 200 percent of the most recent  
19 annual Federal Poverty Income Guidelines  
20 published by the Department of Health  
21 and Human Services for the State.

22 “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—  
23 The term ‘individual development account’ means a  
24 savings account described in subsection (b)(4)(A).

25 “(4) QUALIFIED ENTITY.—

1           “(A) IN GENERAL.—The term ‘qualified  
2           entity’ means—

3                   “(i) 1 or more organizations—

4                           “(I) described in section  
5                           501(c)(3) of the Internal Revenue  
6                           Code of 1986; and

7                           “(II) exempt from taxation under  
8                           section 501(a) of such Code; or

9                           “(ii) a State, local, or tribal govern-  
10                          ment submitting an application jointly with  
11                          an organization described in clause (i).

12           “(B) NO PROHIBITION ON COLLABORA-  
13           TION.—An organization described in subpara-  
14           graph (A)(i) may collaborate with a financial  
15           institution or for-profit community development  
16           corporation to carry out the purposes of this  
17           section.

18           “(b) PILOT PROGRAM.—

19                   “(1) IN GENERAL.—The Secretary shall estab-  
20                   lish a pilot program to be known as the ‘New Farm-  
21                   er Individual Development Accounts Pilot Program’  
22                   under which the Secretary shall work through quali-  
23                   fied entities to establish demonstration programs—

24                           “(A) of at least 5 years in duration; and

25                           “(B) in at least 15 States.

1           “(2) COORDINATION.—The Secretary shall op-  
2           erate the pilot program through, and in coordination  
3           with the farm loan programs of, the Farm Service  
4           Agency.

5           “(3) RESERVE FUNDS.—

6                   “(A) IN GENERAL.—A qualified entity car-  
7                   rying out a demonstration program under this  
8                   section shall establish a reserve fund consisting  
9                   of a non-Federal match of 50 percent of the  
10                  total amount of the grant awarded to the dem-  
11                  onstration program under this section.

12                   “(B) FEDERAL FUNDS.—After the quali-  
13                   fied entity has deposited the non-Federal  
14                   matching funds described in subparagraph (A)  
15                   in the reserve fund, the Secretary shall provide  
16                   the total amount of the grant awarded under  
17                   this section to the demonstration program for  
18                   deposit in the reserve fund.

19                   “(C) USE OF FUNDS.—Of the funds depos-  
20                   ited under subparagraph (B) in the reserve  
21                   fund established for a demonstration program,  
22                   the qualified entity carrying out the demonstra-  
23                   tion program—

24                           “(i) may use up to 10 percent for ad-  
25                           ministrative expenses; and

1                   “(ii) shall use the remainder in mak-  
2                   ing matching awards described in para-  
3                   graph (4)(B)(ii)(I).

4                   “(D) INTEREST.—Any interest earned on  
5                   amounts in a reserve fund established under  
6                   subparagraph (A) may be used by the qualified  
7                   entity as additional matching funds for, or to  
8                   administer, the demonstration program.

9                   “(E) GUIDANCE.—The Secretary shall  
10                  issue guidance regarding the investment re-  
11                  quirements of reserve funds established under  
12                  this paragraph.

13                  “(F) REVERSION.—On the date on which  
14                  all funds remaining in any individual develop-  
15                  ment account established by a qualified entity  
16                  have reverted under paragraph (5)(B)(ii) to the  
17                  reserve fund established by the qualified entity,  
18                  there shall revert to the Treasury of the United  
19                  States a percentage of the amount (if any) in  
20                  the reserve fund equal to—

21                         “(i) the amount of Federal funds de-  
22                         posited in the reserve fund under subpara-  
23                         graph (B) that were not used for adminis-  
24                         trative expenses; divided by

1                   “(ii) the total amount of funds depos-  
2                   ited in the reserve fund.

3                   “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

4                   “(A) IN GENERAL.—A qualified entity re-  
5                   ceiving a grant under this section shall establish  
6                   and administer individual development accounts  
7                   for eligible participants.

8                   “(B) CONTRACT REQUIREMENTS.—To be  
9                   eligible to receive funds under this section from  
10                  a qualified entity, an eligible participant shall  
11                  enter into a contract with only 1 qualified enti-  
12                  ty under which—

13                  “(i) the eligible participant agrees—

14                         “(I) to deposit a certain amount  
15                         of funds of the eligible participant in  
16                         a personal savings account, as pre-  
17                         scribed by the contractual agreement  
18                         between the eligible participant and  
19                         the qualified entity;

20                         “(II) to use the funds described  
21                         in subclause (I) only for 1 or more eli-  
22                         gible expenditures described in para-  
23                         graph (5)(A); and

24                         “(III) to complete financial train-  
25                         ing; and

1 “(ii) the qualified entity agrees—

2 “(I) to deposit, not later than 1  
3 month after an amount is deposited  
4 pursuant to clause (i)(I), at least a  
5 100-percent, and up to a 200-percent,  
6 match of that amount into the indi-  
7 vidual development account estab-  
8 lished for the eligible participant; and

9 “(II) with uses of funds proposed  
10 by the eligible participant.

11 “(C) LIMITATION.—

12 “(i) IN GENERAL.—A qualified entity  
13 administering a demonstration program  
14 under this section may provide not more  
15 than \$6,000 for each fiscal year in match-  
16 ing funds to the individual development ac-  
17 count established by the qualified entity  
18 for an eligible participant.

19 “(ii) TREATMENT OF AMOUNT.—An  
20 amount provided under clause (i) shall not  
21 be considered to be a gift or loan for mort-  
22 gage purposes.

23 “(5) ELIGIBLE EXPENDITURES.—

1           “(A) IN GENERAL.—An eligible expendi-  
2           ture described in this subparagraph is an ex-  
3           penditure—

4                   “(i) to purchase farmland or make a  
5                   down payment on an accepted purchase  
6                   offer for farmland;

7                   “(ii) to make mortgage payments on  
8                   farmland purchased pursuant to clause (i),  
9                   for up to 180 days after the date of the  
10                  purchase;

11                  “(iii) to purchase breeding stock, fruit  
12                  or nut trees, or trees to harvest for timber;  
13                  and

14                  “(iv) for other similar expenditures,  
15                  as determined by the Secretary.

16           “(B) TIMING.—

17                   “(i) IN GENERAL.—An eligible partici-  
18                   pant may make an eligible expenditure at  
19                   any time during the 2-year period begin-  
20                   ning on the date on which the last match-  
21                   ing funds are provided under paragraph  
22                   (4)(B)(ii)(I) to the individual development  
23                   account established for the eligible partici-  
24                   pant.

1                   “(ii) UNEXPENDED FUNDS.—At the  
2                   end of the period described in clause (i),  
3                   any funds remaining in an individual devel-  
4                   opment account established for an eligible  
5                   participant shall revert to the reserve fund  
6                   of the demonstration program under which  
7                   the account was established.

8                   “(c) APPLICATIONS.—

9                   “(1) IN GENERAL.—A qualified entity that  
10                  seeks to carry out a demonstration program under  
11                  this section may submit to the Secretary an applica-  
12                  tion at such time, in such form, and containing such  
13                  information as the Secretary may prescribe.

14                  “(2) CRITERIA.—In considering whether to ap-  
15                  prove an application to carry out a demonstration  
16                  program under this section, the Secretary shall as-  
17                  sess—

18                         “(A) the degree to which the demonstra-  
19                         tion program described in the application is  
20                         likely to aid eligible participants in successfully  
21                         pursuing new farming opportunities;

22                         “(B) the experience and ability of the  
23                         qualified entity to responsibly administer the  
24                         demonstration program;

1           “(C) the experience and ability of the  
2           qualified entity in recruiting, educating, and as-  
3           sisting eligible participants to increase economic  
4           independence and pursue or advance farming  
5           opportunities;

6           “(D) the aggregate amount of direct funds  
7           from non-Federal public sector and private  
8           sources that are formally committed to the  
9           demonstration program as matching contribu-  
10          tions;

11          “(E) the adequacy of the plan of the quali-  
12          fied entity to provide information relevant to an  
13          evaluation of the demonstration program; and

14          “(F) such other factors as the Secretary  
15          considers to be appropriate.

16          “(3) PREFERENCES.—In considering an appli-  
17          cation to conduct a demonstration program under  
18          this section, the Secretary shall give preference to an  
19          application from a qualified entity that dem-  
20          onstrates—

21                 “(A) a track record of serving clients tar-  
22                 geted by the program, including, as appro-  
23                 priate, socially disadvantaged farmers or ranch-  
24                 ers; and

1           “(B) expertise in dealing with financial  
2           management aspects of farming.

3           “(4) APPROVAL.—Not later than 1 year after  
4           the date of enactment of this section, in accordance  
5           with this section, the Secretary shall, on a competi-  
6           tive basis, approve such applications to conduct dem-  
7           onstration programs as the Secretary considers ap-  
8           propriate.

9           “(5) TERM OF AUTHORITY.—If the Secretary  
10          approves an application to carry out a demonstration  
11          program, the Secretary shall authorize the applicant  
12          to carry out the project for a period of 5 years, plus  
13          an additional 2 years to make eligible expenditures  
14          in accordance with subsection (b)(5)(B).

15          “(d) GRANT AUTHORITY.—

16               “(1) IN GENERAL.—The Secretary shall make a  
17               grant to a qualified entity authorized to carry out a  
18               demonstration program under this section.

19               “(2) MAXIMUM AMOUNT OF GRANTS.—The ag-  
20               gregate amount of grant funds provided to a dem-  
21               onstration program carried out under this section  
22               shall not exceed \$250,000.

23               “(3) TIMING OF GRANT PAYMENTS.—The Sec-  
24               retary shall pay the amounts awarded under a grant  
25               made under this section—

1                   “(A) on the awarding of the grant; or

2                   “(B) pursuant to such payment plan as  
3 the qualified entity may specify.

4           “(e) REPORTS.—

5                   “(1) ANNUAL PROGRESS REPORTS.—

6                   “(A) IN GENERAL.—Not later than 60  
7 days after the end of the calendar year in which  
8 the Secretary authorizes a qualified entity to  
9 carry out a demonstration program under this  
10 section, and annually thereafter until the con-  
11 clusion of the demonstration program, the  
12 qualified entity shall prepare an annual report  
13 that includes, for the period covered by the re-  
14 port—

15                           “(i) an evaluation of the progress of  
16 the demonstration program;

17                           “(ii) information about the dem-  
18 onstration program, including the eligible  
19 participants and the individual develop-  
20 ment accounts that have been established;  
21 and

22                           “(iii) such other information as the  
23 Secretary may require.

1           “(B) SUBMISSION OF REPORTS.—A quali-  
2           fied entity shall submit each report required  
3           under subparagraph (A) to the Secretary.

4           “(2) REPORTS BY THE SECRETARY.—Not later  
5           than 1 year after the date on which all demonstra-  
6           tion programs under this section are concluded, the  
7           Secretary shall submit to Congress a final report  
8           that describes the results and findings of all reports  
9           and evaluations carried out under this section.

10          “(f) ANNUAL REVIEW.—The Secretary may conduct  
11          an annual review of the financial records of a qualified  
12          entity—

13                 “(1) to assess the financial soundness of the  
14                 qualified entity; and

15                 “(2) to determine the use of grant funds made  
16                 available to the qualified entity under this section.

17          “(g) REGULATIONS.—In carrying out this section,  
18          the Secretary may promulgate regulations to ensure that  
19          the program includes provisions for—

20                 “(1) the termination of demonstration pro-  
21                 grams;

22                 “(2) control of the reserve funds in the case of  
23                 such a termination;

24                 “(3) transfer of demonstration programs to  
25                 other qualified entities; and





1           retary shall reserve for qualified beginning  
2           farmers for each of fiscal years 2012  
3           through 2017, an amount that is not less  
4           than 50 percent of the total amount.

5           “(iii) FUNDS RESERVED UNTIL SEP-  
6           TEMBER 1.—Except as provided in clause  
7           (i)(II), funds reserved for qualified begin-  
8           ning farmers under this subparagraph for  
9           a fiscal year shall be reserved only until  
10          September 1 of the fiscal year.

11          “(B) GUARANTEED LOANS.—

12           “(i) FARM OWNERSHIP LOANS.—Of  
13           the amounts made available under para-  
14           graph (1) for guarantees of farm owner-  
15           ship loans, the Secretary shall reserve an  
16           amount that is not less than 40 percent of  
17           the total amount for qualified beginning  
18           farmers.

19           “(ii) OPERATING LOANS.—Of the  
20           amounts made available under paragraph  
21           (1) for guarantees of operating loans, the  
22           Secretary shall reserve 40 percent for  
23           qualified beginning farmers.

24           “(iii) FUNDS RESERVED UNTIL APRIL  
25          1.—Funds reserved for qualified beginning

1 farmers under this subparagraph for a fis-  
2 cal year shall be reserved only until April  
3 1 of the fiscal year.

4 “(C) RESERVED FUNDS FOR ALL QUALI-  
5 FIED BEGINNING FARMERS.—If a qualified be-  
6 ginning farmer meets the eligibility criteria for  
7 receiving a direct or guaranteed loan under sec-  
8 tion 3101, 3107, or 3201, the Secretary shall  
9 make or guarantee the loan if sufficient funds  
10 reserved under this paragraph are available to  
11 make or guarantee the loan.

12 “(3) TRANSFER FOR DOWN PAYMENT LOANS.—

13 “(A) IN GENERAL.—Subject to subpara-  
14 graph (B)—

15 “(i) beginning on August 1 of each  
16 fiscal year, the Secretary shall use avail-  
17 able unsubsidized guaranteed farm oper-  
18 ating loan funds to provide direct farm  
19 ownership loans approved by the Secretary  
20 to qualified beginning farmers under the  
21 down payment loan program established  
22 under section 3107, if sufficient direct  
23 farm ownership loan funds are not other-  
24 wise available; and

1           “(ii) beginning on September 1 of  
2           each fiscal year, the Secretary shall use  
3           available unsubsidized guaranteed farm op-  
4           erating loan funds to provide direct farm  
5           ownership loans approved by the Secretary  
6           to qualified beginning farmers, if sufficient  
7           direct farm ownership loan funds are not  
8           otherwise available.

9           “(B) LIMITATION.—The Secretary shall  
10          limit the transfer of funds under subparagraph  
11          (A) so that all guaranteed farm operating loans  
12          that have been approved, or will be approved,  
13          by the Secretary during the fiscal year will be  
14          made to the extent of available amounts.

15          “(4) TRANSFER FOR CREDIT SALES OF FARM  
16          INVENTORY PROPERTY.—

17                 “(A) IN GENERAL.—Subject to subpara-  
18                 graphs (B) and (C), beginning on September 1  
19                 of each fiscal year, the Secretary may use avail-  
20                 able funds made available under chapter 3 for  
21                 the fiscal year to fund the credit sale of farm  
22                 real estate in the inventory of the Secretary.

23                 “(B) SUPPLEMENTAL APPROPRIATIONS.—  
24                 The transfer authority provided under subpara-  
25                 graph (A) shall not apply to any funds made

1 available to the Secretary for any fiscal year  
2 under an Act making supplemental appropria-  
3 tions.

4 “(C) LIMITATION.—The Secretary shall  
5 limit the transfer of funds under subparagraph  
6 (A) so that all emergency disaster loans that  
7 have been approved, or will be approved, by the  
8 Secretary during the fiscal year will be made to  
9 the extent of available amounts.

10 “(5) AVAILABILITY OF FUNDS.—Funds made  
11 available to carry out this subtitle shall remain avail-  
12 able until expended.

13 “(b) COST PROJECTIONS.—

14 “(1) IN GENERAL.—The Secretary shall develop  
15 long-term cost projections for loan program author-  
16 izations required under subsection (a).

17 “(2) ANALYSIS.—Each projection under para-  
18 graph (1) shall include analyses of—

19 “(A) the long-term costs of the lending lev-  
20 els that the Secretary requests to be authorized  
21 under subsection (a); and

22 “(B) the long-term costs for increases in  
23 lending levels beyond those requested to be au-  
24 thorized, based on increments of \$10,000,000

1           or such other levels as the Secretary considers  
2           appropriate.

3           “(3) SUBMISSION TO CONGRESS.—The Sec-  
4           retary shall submit to the Committees on Agri-  
5           culture and Appropriations of the House of Rep-  
6           resentatives and the Committees on Agriculture, Nu-  
7           trition, and Forestry and Appropriations of the Sen-  
8           ate reports containing the long-term cost projections  
9           for the 3-year period beginning with fiscal year 1983  
10          and each 3-year period thereafter at the time the re-  
11          quests for authorizations for those periods are sub-  
12          mitted to Congress.

13          “(c) LOW INCOME.—The Secretary shall provide no-  
14          tification to farm borrowers under this subtitle in the nor-  
15          mal course of loan making and loan servicing operations,  
16          of the provisions of this subtitle relating to low-income,  
17          limited-resource borrowers and the procedures by which  
18          persons may apply for loans under the low-income, lim-  
19          ited-resource borrower program.”.

## 20                   **Subtitle B—Miscellaneous**

### 21   **SEC. 5101. STATE AGRICULTURAL MEDIATION PROGRAMS.**

22          Section 506 of the Agricultural Credit Act of 1987  
23          (7 U.S.C. 5106) is amended by striking “2015” and in-  
24          serting “2017”.

1 **SEC. 5102. LOANS TO PURCHASERS OF HIGHLY**  
2 **FRACTIONATED LAND.**

3 The first section of Public Law 91–229 (25 U.S.C.  
4 488) is amended in subsection (b)(1) by inserting “or to  
5 intermediaries in order to establish revolving loan funds  
6 for the purchase of highly fractionated land under that  
7 section” before the period at the end.

8 **SEC. 5103. REMOVAL OF DUPLICATIVE APPRAISALS.**

9 Notwithstanding any other law (including regula-  
10 tions), in making loans under the first section of Public  
11 Law 91–229 (25 U.S.C. 488), borrowers who are Indian  
12 tribes, members of Indian tribes, or tribal corporations  
13 shall only be required to obtain 1 appraisal under an ap-  
14 praisal standard recognized as of the date of enactment  
15 of this Act by the Secretary or the Secretary of the Inte-  
16 rior.

17 **TITLE VI—RURAL DEVELOP-**  
18 **MENT [COMPLETE SUB-**  
19 **STITUTE AMENDMENT]**

20 **Subtitle A—Reorganization of the**  
21 **Consolidated Farm and Rural**  
22 **Development Act**

23 **SEC. 6001. REORGANIZATION OF THE CONSOLIDATED FARM**  
24 **AND RURAL DEVELOPMENT ACT.**

25 Title III of the Agricultural Act of 1961 (7 U.S.C.  
26 1921 et seq.) is amended to read as follows:



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- “Sec. 3408. Debt adjustment and credit counseling.
- “Sec. 3409. Security servicing.
- “Sec. 3410. Contracts on loan security properties.
- “Sec. 3411. Debt restructuring and loan servicing.
- “Sec. 3412. Relief for mobilized military reservists from certain agricultural loan obligations.
- “Sec. 3413. Interest rate reduction program.
- “Sec. 3414. Homestead property.
- “Sec. 3415. Transfer of inventory land.
- “Sec. 3416. Target participation rates.
- “Sec. 3417. Compromise or adjustment of debts or claims by guaranteed lender.
- “Sec. 3418. Waiver of mediation rights by borrowers.
- “Sec. 3419. Borrower training.
- “Sec. 3420. Loan assessments.
- “Sec. 3421. Supervised credit.
- “Sec. 3422. Market placement.
- “Sec. 3423. Recordkeeping of loans by gender of borrower.
- “Sec. 3424. Crop insurance requirement.
- “Sec. 3425. Loan and loan servicing limitations.
- “Sec. 3426. Short form certification of farm program borrower compliance.
- “Sec. 3427. Transfer of land to Secretary.
- “Sec. 3428. Competitive sourcing limitations.
- “Sec. 3429. Prohibition on use of loans for certain purposes.
- “Sec. 3430. Beginning farmer and rancher individual development accounts pilot program.
- “Sec. 3431. Authorization of appropriations and allocation of funds.

## “Subtitle B—Rural Development

## “CHAPTER 1—RURAL COMMUNITY PROGRAMS

- “Sec. 3501. Water and waste disposal loans, loan guarantees, and grants.
- “Sec. 3502. Community facilities loans, loan guarantees, and grants.
- “Sec. 3503. Health care services.

## “CHAPTER 2—RURAL BUSINESS AND COOPERATIVE DEVELOPMENT

- “Sec. 3601. Business programs.
- “Sec. 3602. Rural business investment program.

## “CHAPTER 3—GENERAL RURAL DEVELOPMENT PROVISIONS

- “Sec. 3701. General provisions for loans and grants.
- “Sec. 3702. Strategic economic and community development.
- “Sec. 3703. Guaranteed rural development loans.
- “Sec. 3704. Rural Development Insurance Fund.
- “Sec. 3705. Rural economic area partnership zones.
- “Sec. 3706. Streamlining applications and improving accessibility of rural development programs.

## “CHAPTER 4—DELTA REGIONAL AUTHORITY

- “Sec. 3801. Definitions.
- “Sec. 3802. Delta Regional Authority.
- “Sec. 3803. Economic and community development grants.
- “Sec. 3804. Supplements to Federal grant programs.

- “Sec. 3805. Local development districts; certification and administrative expenses.
- “Sec. 3806. Distressed counties and areas and nondistressed counties.
- “Sec. 3807. Development planning process.
- “Sec. 3808. Program development criteria.
- “Sec. 3809. Approval of development plans and projects.
- “Sec. 3810. Consent of States.
- “Sec. 3811. Records.
- “Sec. 3812. Annual report.
- “Sec. 3813. Authorization of appropriations.
- “Sec. 3814. Termination of authority.

“CHAPTER 5—NORTHERN GREAT PLAINS REGIONAL AUTHORITY

- “Sec. 3821. Definitions.
- “Sec. 3822. Northern Great Plains Regional Authority.
- “Sec. 3823. Interstate cooperation for economic opportunity and efficiency.
- “Sec. 3824. Economic and community development grants.
- “Sec. 3825. Supplements to Federal grant programs.
- “Sec. 3826. Multistate and local development districts and organizations and Northern Great Plains Inc.
- “Sec. 3827. Distressed counties and areas and nondistressed counties.
- “Sec. 3828. Development planning process.
- “Sec. 3829. Program development criteria.
- “Sec. 3830. Approval of development plans and projects.
- “Sec. 3831. Consent of States.
- “Sec. 3832. Records.
- “Sec. 3833. Annual report.
- “Sec. 3834. Authorization of appropriations.
- “Sec. 3835. Termination of authority.

“Subtitle C—General Provisions

- “Sec. 3901. Full faith and credit.
- “Sec. 3902. Purchase and sale of guaranteed portions of loans.
- “Sec. 3903. Administration.
- “Sec. 3904. Loan moratorium and policy on foreclosures.
- “Sec. 3905. Oil and gas royalty payments on loans.
- “Sec. 3906. Taxation.
- “Sec. 3907. Conflicts of interest.
- “Sec. 3908. Loan summary statements.
- “Sec. 3909. Certified lenders program.
- “Sec. 3910. Loans to resident aliens.
- “Sec. 3911. Expedited clearing of title to inventory property.
- “Sec. 3912. Prohibition on use of loans for certain purposes.
- “Sec. 3913. Regulations.

**1 “SEC. 3002. DEFINITIONS.**

**2 “In this title (unless the context otherwise requires):**

**3 “(1) ABLE TO OBTAIN CREDIT ELSEWHERE.—**

**4 The term ‘able to obtain credit elsewhere’ means**

1       able to obtain a loan from a production credit asso-  
2       ciation, a Federal land bank, or other responsible co-  
3       operative or private credit source (or, in the case of  
4       a borrower under section 3106, the borrower may be  
5       able to obtain a loan under section 3101) at reason-  
6       able rates and terms, taking into consideration pre-  
7       vailing private and cooperative rates and terms in  
8       the community in or near which the applicant re-  
9       sides for loans for similar purposes and periods of  
10      time.

11           “(2) AGRICULTURAL CREDIT INSURANCE  
12      FUND.—The term ‘Agricultural Credit Insurance  
13      Fund’ means the fund established under section  
14      3401.

15           “(3) APPROVED LENDER.—The term ‘approved  
16      lender’ means—

17                   “(A) a lender approved prior to October  
18                   28, 1992, by the Secretary under the approved  
19                   lender program established by exhibit A to sub-  
20                   part B of part 1980 of title 7, Code of Federal  
21                   Regulations (as in effect on January 1, 1991);  
22                   or

23                   “(B) a lender certified under section 3909.

24           “(4) AQUACULTURE.—The term ‘aquaculture’  
25      means the culture or husbandry of aquatic animals

1 or plants by private industry for commercial pur-  
2 poses, including the culture and growing of fish by  
3 private industry for the purpose of creating or aug-  
4 menting publicly owned and regulated stocks of fish.

5 “(5) BEGINNING FARMER OR RANCHER.—The  
6 term ‘beginning farmer or rancher’ has the meaning  
7 given the term by the Secretary.

8 “(6) BORROWER.—

9 “(A) IN GENERAL.—Except as provided in  
10 subparagraph (B), the term ‘borrower’ means  
11 an individual or entity who has an outstanding  
12 obligation to the Secretary under any loan  
13 made or guaranteed under this title, without re-  
14 gard to whether the loan has been accelerated.

15 “(B) EXCLUSIONS.—The term ‘borrower’  
16 does not include an individual or entity all of  
17 whose loans and accounts have been foreclosed  
18 on or liquidated, voluntarily or otherwise.

19 “(7) COUNTY COMMITTEE.—The term ‘county  
20 committee’ means the appropriate county committee  
21 established under section 8(b)(5) of the Soil Con-  
22 servation and Domestic Allotment Act (16 U.S.C.  
23 590h(b)(5)).

24 “(8) DEBT FORGIVENESS.—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), the term ‘debt forgiveness’  
3           means reducing or terminating a loan made or  
4           guaranteed under this title, in a manner that  
5           results in a loss to the Secretary, through—

6                   “(i) writing down or writing off a loan  
7                   under section 3417;

8                   “(ii) compromising, adjusting, reduc-  
9                   ing, or charging-off a debt or claim under  
10                  section 3903;

11                  “(iii) paying a loss on a guaranteed  
12                  loan under this title; or

13                  “(iv) discharging a debt as a result of  
14                  bankruptcy.

15           “(B) LOAN RESTRUCTURING.—The term  
16           ‘debt forgiveness’ does not include consolida-  
17           tion, rescheduling, reamortization, or deferral.

18           “(9) DEPARTMENT.—The term ‘Department’  
19           means the Department of Agriculture.

20           “(10) DIRECT LOAN.—The term ‘direct loan’  
21           means a loan made by the Secretary from appro-  
22           priated funds.

23           “(11) ENTITY.—The term ‘entity’ means a cor-  
24           poration, farm cooperative, partnership, joint oper-

1           ation, governmental body, or other legal entity, as  
2           determined by the Secretary.

3           “(12) FARM.—The term ‘farm’ means an oper-  
4           ation involved in—

5                   “(A) the production of an agricultural  
6           commodity;

7                   “(B) ranching; or

8                   “(C) aquaculture.

9           “(13) FARMER.—The term ‘farmer’ means an  
10          individual or entity engaged primarily and directly  
11          in—

12                   “(A) the production of an agricultural  
13          commodity;

14                   “(B) ranching; or

15                   “(C) aquaculture.

16          “(14) FARMER PROGRAM LOAN.—The term  
17          ‘farmer program loan’ means—

18                   “(A) a farm ownership loan under section  
19          3101;

20                   “(B) a conservation loan under section  
21          3103;

22                   “(C) an operating loan under section 3201;

23                   “(D) an emergency loan under section  
24          3301;

1           “(E) an economic emergency loan under  
2 section 202 of the Emergency Agricultural  
3 Credit Adjustment Act of 1978 (7 U.S.C. prec.  
4 1961 note; Public Law 95-334);

5           “(F) a loan for a farm service building  
6 under section 502 of the Housing Act of 1949  
7 (42 U.S.C. 1472);

8           “(G) an economic opportunity loan under  
9 section 602 of the Economic Opportunity Act of  
10 1964 (Public Law 88-452; 42 U.S.C. 2942  
11 note) (as it existed before the amendment made  
12 by section 683(a) of the Omnibus Budget Rec-  
13 onciliation Act of 1981 (Public Law 97-35; 95  
14 Stat. 519));

15           “(H) a softwood timber loan under section  
16 608 of the Agricultural Programs Adjustment  
17 Act of 1984 (7 U.S.C. 1981 note; Public Law  
18 98-258); or

19           “(I) any other loan described in section  
20 343(a)(10) of this title (as it existed before the  
21 amendment made by section 2 of the Agri-  
22 culture Reform, Food, and Jobs Act of 2012)  
23 that is outstanding on the date of enactment of  
24 that Act.

1           “(15) FARM SERVICE AGENCY.—The term  
2           ‘Farm Service Agency’ means the offices of the  
3           Farm Service Agency to which the Secretary dele-  
4           gates responsibility to carry out this title.

5           “(16) GOVERNMENTAL ENTITY.—The term  
6           ‘governmental entity’ means any agency of the  
7           United States, a State, or a unit of local government  
8           of a State.

9           “(17) GUARANTEE.—The term ‘guarantee’  
10          means guaranteeing the payment of a loan origi-  
11          nated, held, and serviced by a private financial agen-  
12          cy, or lender, approved by the Secretary.

13          “(18) HIGHLY ERODIBLE LAND.—The term  
14          ‘highly erodible land’ has the meaning given the  
15          term in section 1201(a) of the Food Security Act of  
16          1985 (16 U.S.C. 3801(a)).

17          “(19) HOMESTEAD RETENTION.—The term  
18          ‘homestead retention’ means homestead retention as  
19          authorized under section 3417.

20          “(20) INDIAN TRIBE.—The term ‘Indian tribe’  
21          means a Federal and State-recognized Indian tribe  
22          or other federally recognized Indian tribal group (in-  
23          cluding a Tribal College or University (as defined in  
24          section 316(b) of the Higher Education Act of 1965  
25          (20 U.S.C. 1059c(b))).

1           “(21) LOAN SERVICE PROGRAM.—The term  
2           ‘loan service program’ means, with respect to a  
3           farmer program loan borrower, a primary loan serv-  
4           ice program or a homestead retention program.

5           “(22) NATURAL OR MAJOR DISASTER OR EMER-  
6           GENCY.—The term ‘natural or major disaster or  
7           emergency’ means—

8                   “(A) a natural disaster declared by the  
9                   Secretary; or

10                   “(B) a major disaster or emergency des-  
11                   ignated by the President under the Robert T.  
12                   Stafford Disaster Relief and Emergency Assist-  
13                   ance Act (42 U.S.C. 5121 et seq.).

14           “(23) PRIMARY LOAN SERVICE PROGRAM.—The  
15           term ‘primary loan service program’ means, with re-  
16           spect to a farmer program loan—

17                   “(A) loan consolidation, rescheduling, or  
18                   reamortization;

19                   “(B) interest rate reduction, including the  
20                   use of the limited resource program;

21                   “(C) loan restructuring, including deferral,  
22                   set aside, or writing down of the principal or  
23                   accumulated interest charges, or both, of the  
24                   loan; or

1                   “(D) any combination of actions described  
2                   in subparagraphs (A), (B), and (C).

3                   “(24) PRIME FARMLAND.—The term ‘prime  
4                   farmland’ means prime farmland and unique farm-  
5                   land (as defined in subsections (a) and (b) of section  
6                   657.5 of title 7, Code of Federal Regulations  
7                   (1980)).

8                   “(25) PROJECT.—The term ‘project’ includes a  
9                   facility providing central service or a facility serving  
10                  an individual property, or both.

11                  “(26) QUALIFIED BEGINNING FARMER OR  
12                  RANCHER.—The term ‘qualified beginning farmer or  
13                  rancher’ means an applicant, regardless of whether  
14                  the applicant is participating in a program under  
15                  section 3107, who—

16                         “(A) is eligible for assistance under this  
17                         title;

18                         “(B) has not operated a farm, or has oper-  
19                         ated a farm for not more than 10 years;

20                         “(C) in the case of a cooperative, corpora-  
21                         tion, partnership, or joint operation, has mem-  
22                         bers, stockholders, partners, or joint operators  
23                         who are all related to each other by blood or  
24                         marriage;

1           “(D) in the case of a farmer who is the  
2 owner and operator of a farm—

3           “(i) in the case of a loan made to an  
4 individual, individually or with the imme-  
5 diate family of the applicant—

6           “(I) materially and substantially  
7 participates in the operation of the  
8 farm; and

9           “(II) provides substantial day-to-  
10 day labor and management of the  
11 farm, consistent with the practices in  
12 the State or county in which the farm  
13 is located; or

14           “(ii)(I) in the case of a loan made to  
15 a cooperative, corporation, partnership, or  
16 joint operation, has members, stockholders,  
17 partners, or joint operators who materially  
18 and substantially participate in the oper-  
19 ation of the farm; and

20           “(II) in the case of a loan made to a  
21 corporation, has stockholders who all qual-  
22 ify individually as beginning farmers;

23           “(E) in the case of an applicant seeking to  
24 become an owner and operator of a farm—

1                   “(i) in the case of a loan made to an  
2 individual, individually or with the imme-  
3 diate family of the applicant, will—

4                   “(I) materially and substantially  
5 participate in the operation of the  
6 farm; and

7                   “(II) provide substantial day-to-  
8 day labor and management of the  
9 farm, consistent with the practices in  
10 the State or county in which the farm  
11 is located; or

12                   “(ii)(I) in the case of a loan made to  
13 a cooperative, corporation, partnership, or  
14 joint operation, will have members, stock-  
15 holders, partners, or joint operators who  
16 will materially and substantially participate  
17 in the operation of the farm; and

18                   “(II) in the case of a loan made to a  
19 corporation, has stockholders who will all  
20 qualify individually as beginning farmers;

21                   “(F) agrees to participate in such loan as-  
22 sessment, borrower training, and financial man-  
23 agement programs as the Secretary may re-  
24 quire;

25                   “(G)(i) does not own farm land; or

1           “(ii) directly or through interests in family  
2 farm corporations, owns farm land, the aggregate  
3 acreage of which does not exceed 30 per-  
4 cent of the average quantity of acreage of the  
5 farms, as appropriate, in the county in which  
6 the farm operations of the applicant are lo-  
7 cated, as reported in the most recent census of  
8 agriculture taken in accordance with the Census  
9 of Agriculture Act of 1997 (7 U.S.C. 2204g et  
10 seq.), except that this subparagraph shall not  
11 apply to a loan made or guaranteed under  
12 chapter 2 of subtitle A; and

13           “(H) demonstrates that the available re-  
14 sources of the applicant and any spouse of the  
15 applicant are not sufficient to enable the appli-  
16 cant to farm on a viable scale.

17           “(27) RECREATIONAL PURPOSE.—The term  
18 ‘recreational purpose’ has the meaning provided by  
19 the Secretary, but shall include hunting.

20           “(28) RURAL AND RURAL AREA.—

21           “(A) IN GENERAL.—Subject to any deter-  
22 mination made under subparagraph (B), the  
23 terms ‘rural’ and ‘rural area’ mean any area  
24 other than—

1                   “(i) a city or town that has a popu-  
2                   lation of greater than 50,000 inhabitants;  
3                   and

4                   “(ii) any urbanized area contiguous  
5                   and adjacent to a city or town described in  
6                   clause (i).

7                   “(B) DETERMINATION OF AREAS RURAL IN  
8                   CHARACTER.—

9                   “(i) IN GENERAL.—On petition of a  
10                  unit of local government in an urbanized  
11                  area described in subparagraph (A)(ii), or  
12                  on the initiative of the Secretary, acting  
13                  through the Under Secretary for Rural De-  
14                  velopment (referred to in this subpara-  
15                  graph as the ‘Under Secretary’), the  
16                  Under Secretary may determine that part  
17                  of an area is a rural area based on the cri-  
18                  teria described in clause (ii).

19                  “(ii) CRITERIA.—In making a deter-  
20                  mination under clause (i), the Under Sec-  
21                  retary shall consider—

22                         “(I) population density, favoring  
23                         a rural area determination for the  
24                         most sparsely populated areas;

1                   “(II) economic conditions, favor-  
2                   ing a rural area determination for  
3                   areas facing—

4                   “(aa) chronic unemployment  
5                   in excess of statewide averages;

6                   “(bb) sudden loss of employ-  
7                   ment from natural disaster or the  
8                   loss of a significant employer in  
9                   the area; or

10                  “(cc) chronic poverty dem-  
11                  onstrated at the census block or  
12                  county level compared to state-  
13                  wide median household income;

14                  “(III) commuting patterns, favor-  
15                  ing a rural area determination for  
16                  areas that can demonstrate higher  
17                  proportions of the population living  
18                  and working in the area; and

19                  “(IV) whether the area was eligi-  
20                  ble under the definitions of the terms  
21                  ‘rural’ and ‘rural area’ in section 343  
22                  (as in effect before the date of enact-  
23                  ment of the Agriculture Reform,  
24                  Food, and Jobs Act of 2012) for com-

1 community facility, water and waste dis-  
2 posal, and broadband programs.

3 “(iii) ADMINISTRATION.—In carrying  
4 out this subparagraph, the Under Sec-  
5 retary shall—

6 “(I) not delegate the authority to  
7 carry out this subparagraph;

8 “(II) consult with the applicable  
9 rural development State or regional  
10 director of the Department and the  
11 Governor of the respective State;

12 “(III) provide to the petitioner  
13 an opportunity to appeal to the Under  
14 Secretary a determination made under  
15 this subparagraph;

16 “(IV) release to the public notice  
17 of a petition filed or initiative of the  
18 Under Secretary under this subpara-  
19 graph not later than 30 days after re-  
20 ceipt of the petition or the commence-  
21 ment of the initiative, as appropriate;

22 “(V) make a determination under  
23 this subparagraph not less than 15  
24 days, and not more than 60 days,

1 after the release of the notice under  
2 subclause (IV);

3 “(VI) submit to the Committee  
4 on Agriculture of the House of Rep-  
5 resentatives and the Committee on  
6 Agriculture, Nutrition, and Forestry  
7 of the Senate an annual report on ac-  
8 tions taken to carry out this subpara-  
9 graph; and

10 “(VII) terminate a determination  
11 under this subparagraph that part of  
12 an area is a rural area on the date  
13 that data is available for the next de-  
14 cennial census conducted under sec-  
15 tion 141(a) of title 13, United States  
16 Code.

17 “(iv) HAWAII AND PUERTO RICO.—  
18 Notwithstanding any other provision of  
19 this subsection, within the areas of the  
20 County of Honolulu, Hawaii, and the Com-  
21 monwealth of Puerto Rico, the Under Sec-  
22 retary may designate any part of the areas  
23 as a rural area if the Under Secretary de-  
24 termines that the part is not urban in  
25 character, other than any area included in

1                   the Honolulu Census Designated Place or  
2                   the San Juan Census Designated Place.

3                   “(C) EXCLUSIONS.—Notwithstanding any  
4                   other provision of this paragraph, in deter-  
5                   mining which census blocks in an urbanized  
6                   area are not in a rural area (as defined in this  
7                   paragraph), the Secretary shall exclude any  
8                   cluster of census blocks that would otherwise be  
9                   considered not in a rural area only because the  
10                  cluster is adjacent to not more than 2 census  
11                  blocks that are otherwise considered not in a  
12                  rural area under this paragraph.

13                  “(29) SEASONED DIRECT LOAN BORROWER.—  
14                  The term ‘seasoned direct loan borrower’ means a  
15                  borrower who could reasonably be expected to qual-  
16                  ify for commercial credit using criteria determined  
17                  by the Secretary.

18                  “(30) SECRETARY.—The term ‘Secretary’  
19                  means the Secretary of Agriculture.

20                  “(31) SOCIALLY DISADVANTAGED FARMER OR  
21                  RANCHER.—The term ‘socially disadvantaged farmer  
22                  or rancher’ means a farmer or rancher who is a  
23                  member of a socially disadvantaged group.

24                  “(32) SOCIALLY DISADVANTAGED GROUP.—The  
25                  term ‘socially disadvantaged group’ means a group

1       whose members have been subjected to racial, ethnic,  
2       or gender prejudice because of the identity of the  
3       members as members of a group without regard to  
4       the individual qualities of the members.

5           “(33) SOLAR ENERGY.—The term ‘solar energy’  
6       means energy derived from sources (other than fossil  
7       fuels) and technologies included in the Federal Non-  
8       nuclear Energy Research and Development Act of  
9       1974 (42 U.S.C. 5901 et seq.).

10          “(34) STATE.—The term ‘State’ means—

11           “(A) in this title (other than subtitle A),  
12       each of the 50 States, the Commonwealth of  
13       Puerto Rico, the Virgin Islands, Guam, Amer-  
14       ican Samoa, the Commonwealth of the North-  
15       ern Mariana Islands, the Republic of the Mar-  
16       shall Islands, the Federated States of Micro-  
17       nesia, and the Republic of Palau; and

18           “(B) in subtitle A, each of the 50 States,  
19       the Commonwealth of Puerto Rico, the Virgin  
20       Islands, Guam, American Samoa, the Common-  
21       wealth of the Northern Mariana Islands, and,  
22       to the extent the Secretary determines it to be  
23       feasible and appropriate, the Republic of the  
24       Marshall Islands, the Federated States of Mi-  
25       cronesia, and the Republic of Palau.

1           “(35) STATE BEGINNING FARMER PROGRAM.—

2           The term ‘State beginning farmer program’ means

3           any program that is—

4                   “(A) carried out by, or under contract  
5                   with, a State; and

6                   “(B) designed to assist qualified beginning  
7                   farmers in obtaining the financial assistance  
8                   necessary to enter agriculture and establish via-  
9                   ble farming operations.

10           “(36) VETERAN.—The term ‘veteran’ means a  
11           person who is a veteran of any war (as defined in  
12           section 101 of title 38, United States Code).

13           “(37) WETLAND.—The term ‘wetland’ has the  
14           meaning given the term in section 1201(a) of the  
15           Food Security Act of 1985 (16 U.S.C. 3801(a)).

16           “(38) WILDLIFE.—The term ‘wildlife’ means  
17           fish or wildlife (as defined in section 2(a) of the  
18           Lacey Act Amendments of 1981 (16 U.S.C.  
19           3371(a))).

1     **“Subtitle B—Rural Development**

2             **“CHAPTER 1—RURAL COMMUNITY**

3                     **PROGRAMS**

4     **“SEC. 3501. WATER AND WASTE DISPOSAL LOANS, LOAN**

5                     **GUARANTEES, AND GRANTS.**

6             “(a) IN GENERAL.—The Secretary may make grants  
7 and loans and issue loan guarantees (including a guar-  
8 antee of a loan financed by the net proceeds of a bond  
9 described in section 142(a) of the Internal Revenue Code  
10 of 1986) to eligible entities described in subsection (b) for  
11 projects in rural areas that primarily serve rural residents  
12 to provide for—

13                 “(1) the development, storage, treatment, puri-  
14 fication, or distribution of water or the collection,  
15 treatment, or disposal of waste; and

16                 “(2) financial assistance and other aid in the  
17 planning of projects for purposes described in para-  
18 graph (1).

19             “(b) ELIGIBLE ENTITIES.—Entities eligible for as-  
20 sistance described in subsection (a) are—

21                 “(1) associations (including corporations not  
22 operated for profit);

23                 “(2) Indian tribes;

24                 “(3) public and quasi-public agencies; and

1           “(4) in the case of a project to attach an indi-  
2           vidual property in a rural area to a water system to  
3           alleviate a health risk, an individual.

4           “(c) LOAN AND LOAN GUARANTEE REQUIRE-  
5           MENTS.—In connection with loans made or guaranteed  
6           under this section, the Secretary shall require the appli-  
7           cant—

8           “(1) to certify in writing, and the Secretary  
9           shall determine, that the applicant is unable to ob-  
10          tain sufficient credit elsewhere to finance the actual  
11          needs of the applicant at reasonable rates and terms,  
12          taking into consideration prevailing private and co-  
13          operative rates and terms in the community in or  
14          near which the applicant resides for loans for similar  
15          purposes and periods of time; and

16          “(2) to furnish an appropriate written financial  
17          statement.

18          “(d) GRANT AMOUNTS.—

19          “(1) MAXIMUM.—Except as otherwise provided  
20          in this subsection, the amount of any grant made  
21          under this section shall not exceed 75 percent of the  
22          development cost of the project for which the grant  
23          is provided.

24          “(2) GRANT RATE.—The Secretary shall estab-  
25          lish the grant rate for each project in conformity

1 with regulations issued by the Secretary that shall  
2 provide for a graduated scale of grant rates that es-  
3 tablish higher rates for projects in communities that  
4 have—

5 “(A) low community population;

6 “(B) high rates of outmigration; and

7 “(C) low income levels.

8 “(3) LOCAL SHARE REQUIREMENTS.—Grants  
9 made under this section may be used to pay the  
10 local share requirements of another Federal grant-  
11 in-aid program to the extent permitted under the  
12 law providing for the grant-in-aid program.

13 “(e) SPECIAL GRANTS.—

14 “(1) REVOLVING FUNDS FOR FINANCING  
15 WATER AND WASTEWATER PROJECTS.—

16 “(A) IN GENERAL.—The Secretary may  
17 make grants to qualified, nonprofit entities in  
18 rural areas to capitalize revolving funds for the  
19 purpose of providing financing to eligible enti-  
20 ties for—

21 “(i) predevelopment costs associated  
22 with proposed water and wastewater  
23 projects or with existing water and waste-  
24 water systems; and

1                   “(ii) short-term costs incurred for re-  
2                   placement equipment, small-scale extension  
3                   services, or other small capital projects  
4                   that are not part of the regular operations  
5                   and maintenance activities of existing  
6                   water and wastewater systems.

7                   “(B) MAXIMUM AMOUNT OF FINANCING.—  
8                   The amount of financing made to an eligible  
9                   entity under this paragraph shall not exceed—

10                   “(i) \$100,000 for costs described in  
11                   subparagraph (A)(i); and

12                   “(ii) \$100,000 for costs described in  
13                   subparagraph (A)(ii).

14                   “(C) TERM.—The term of financing pro-  
15                   vided to an eligible entity under this paragraph  
16                   shall not exceed 10 years.

17                   “(D) ADMINISTRATION.—The Secretary  
18                   shall limit the amount of grant funds that may  
19                   be used by a grant recipient for administrative  
20                   costs incurred under this paragraph.

21                   “(E) ANNUAL REPORT.—A nonprofit enti-  
22                   ty receiving a grant under this paragraph shall  
23                   submit to the Secretary an annual report that  
24                   describes the number and size of communities  
25                   served and the type of financing provided.

1           “(F) AUTHORIZATION OF APPROPRIA-  
2           TIONS.—There is authorized to be appropriated  
3           to carry out this paragraph \$30,000,000 for  
4           each of fiscal years 2013 through 2017.

5           “(2) EMERGENCY AND IMMINENT COMMUNITY  
6           WATER ASSISTANCE PROGRAM.—

7           “(A) IN GENERAL.—The Secretary shall  
8           provide grants in accordance with this para-  
9           graph to assist the residents of rural areas and  
10          small communities to secure adequate quan-  
11          tities of safe water—

12                   “(i) after a significant decline in the  
13                   quantity or quality of water available from  
14                   the water supplies of the rural areas and  
15                   small communities, or when such a decline  
16                   is imminent; or

17                   “(ii) when repairs, partial replace-  
18                   ment, or significant maintenance efforts on  
19                   established water systems would remedy—

20                           “(I) an acute or imminent short-  
21                           age of quality water; or

22                           “(II) a significant or imminent  
23                           decline in the quantity or quality of  
24                           water that is available.

1                   “(B) PRIORITY.—In carrying out subpara-  
2 graph (A), the Secretary shall—

3                   “(i) give priority to projects described  
4 in subparagraph (A)(i); and

5                   “(ii) provide at least 70 percent of all  
6 grants under this paragraph to those  
7 projects.

8                   “(C) ELIGIBILITY.—To be eligible to ob-  
9 tain a grant under this paragraph, an applicant  
10 shall—

11                   “(i) be a public or private nonprofit  
12 entity; and

13                   “(ii) in the case of a grant made  
14 under subparagraph (A)(i), demonstrate to  
15 the Secretary that the decline referred to  
16 in that subparagraph occurred, or will  
17 occur, not later than 2 years after the date  
18 on which the application was filed for the  
19 grant.

20                   “(D) USES.—

21                   “(i) IN GENERAL.—Grants made  
22 under this paragraph may be used—

23                   “(I) for waterline extensions from  
24 existing systems, laying of new  
25 waterlines, repairs, significant mainte-

1 nance, digging of new wells, equip-  
2 ment replacement, and hook and tap  
3 fees;

4 “(II) for any other appropriate  
5 purpose associated with developing  
6 sources of, treating, storing, or dis-  
7 tributing water;

8 “(III) to assist communities in  
9 complying with the requirements of  
10 the Federal Water Pollution Control  
11 Act (33 U.S.C. 1251 et seq.) or the  
12 Safe Drinking Water Act (42 U.S.C.  
13 300f et seq.); and

14 “(IV) to provide potable water to  
15 communities through other means.

16 “(ii) JOINT PROPOSALS.—

17 “(I) IN GENERAL.—Subject to  
18 the restrictions in subparagraph (E),  
19 nothing in this paragraph precludes  
20 rural communities from submitting  
21 joint proposals for emergency water  
22 assistance.

23 “(II) CONSIDERATION OF RE-  
24 STRICTIONS.—The restrictions in sub-  
25 paragraph (E) shall be considered in

1 the aggregate, depending on the num-  
2 ber of communities involved.

3 “(E) RESTRICTIONS.—

4 “(i) MAXIMUM INCOME.—No grant  
5 provided under this paragraph shall be  
6 used to assist any rural area or community  
7 that has a median household income in ex-  
8 cess of the State nonmetropolitan median  
9 household income according to the most re-  
10 cent decennial census of the United States.

11 “(ii) SET-ASIDE FOR SMALLER COM-  
12 MUNITIES.—Not less than 50 percent of  
13 the funds allocated under this paragraph  
14 shall be allocated to rural communities  
15 with populations that do not exceed 3,000  
16 inhabitants.

17 “(F) MAXIMUM GRANTS.—Grants made  
18 under this paragraph may not exceed—

19 “(i) in the case of each grant made  
20 under subparagraph (A)(i), \$500,000; and

21 “(ii) in the case of each grant made  
22 under subparagraph (A)(ii), \$150,000.

23 “(G) FULL FUNDING.—Subject to sub-  
24 paragraph (F), grants under this paragraph  
25 shall be made in an amount equal to 100 per-

1 cent of the costs of the projects conducted  
2 under this paragraph.

3 “(H) APPLICATION.—

4 “(i) NATIONALLY COMPETITIVE AP-  
5 PPLICATION PROCESS.—

6 “(I) IN GENERAL.—The Sec-  
7 retary shall develop a nationally com-  
8 petitive application process to award  
9 grants under this paragraph.

10 “(II) REQUIREMENTS.—The  
11 process shall include criteria for evalu-  
12 ating applications, including popu-  
13 lation, median household income, and  
14 the severity of the decline, or immi-  
15 nent decline, in the quantity or qual-  
16 ity of water.

17 “(ii) TIMING OF REVIEW OF APPLICA-  
18 TIONS.—

19 “(I) SIMPLIFIED APPLICATION.—  
20 The application process developed by  
21 the Secretary under clause (i) shall in-  
22 clude a simplified application form  
23 that will permit expedited consider-  
24 ation of an application for a grant  
25 filed under this paragraph.

1                   “(II) PRIORITY REVIEW.—In  
2                   processing applications for any water  
3                   or waste grant or loan authorized  
4                   under this section, the Secretary shall  
5                   afford priority processing to an appli-  
6                   cation for a grant under this para-  
7                   graph to the extent funds will be  
8                   available for an award on the applica-  
9                   tion at the conclusion of priority proc-  
10                  essing.

11                  “(III) TIMING.—The Secretary  
12                  shall, to the maximum extent prac-  
13                  ticable, review and act on an applica-  
14                  tion under this paragraph not later  
15                  than 60 days after the date on which  
16                  the application is submitted to the  
17                  Secretary.

18                  “(I) FUNDING.—

19                  “(i) RESERVATION.—

20                  “(I) IN GENERAL.—For each fis-  
21                  cal year, not less than 3 nor more  
22                  than 5 percent of the total amount  
23                  made available to carry out this sec-  
24                  tion for the fiscal year shall be re-

1 served for grants under this para-  
2 graph.

3 “(II) RELEASE.—Funds reserved  
4 under subclause (I) for a fiscal year  
5 shall be reserved only until July 1 of  
6 the fiscal year.

7 “(ii) AUTHORIZATION OF APPROPRIA-  
8 TIONS.—In addition to funds made avail-  
9 able under clause (i), there is authorized to  
10 be appropriated to carry out this para-  
11 graph \$35,000,000 for each of fiscal years  
12 2013 through 2017.

13 “(3) WATER AND WASTE FACILITY LOANS AND  
14 GRANTS TO ALLEVIATE HEALTH RISKS.—

15 “(A) DEFINITION OF COOPERATIVE.—In  
16 this paragraph, the term ‘cooperative’ means a  
17 cooperative formed specifically for the purpose  
18 of the installation, expansion, improvement, or  
19 operation of water supply or waste disposal fa-  
20 cilities or systems.

21 “(B) LOANS AND GRANTS TO PERSONS  
22 OTHER THAN INDIVIDUALS.—

23 “(i) IN GENERAL.—The Secretary  
24 shall make or guarantee loans and make  
25 grants to provide for the conservation, de-

1           velopment, use, and control of water (in-  
2           cluding the extension or improvement of  
3           existing water supply systems) and the in-  
4           stallation or improvement of drainage or  
5           waste disposal facilities and essential com-  
6           munity facilities, including necessary re-  
7           lated equipment, training, and technical  
8           assistance to—

9                   “(I) rural water supply corpora-  
10                   tions, cooperatives, or similar entities;

11                   “(II) Indian tribes on Federal or  
12                   State reservations and other federally  
13                   recognized Indian tribes;

14                   “(III) rural or native villages in  
15                   the State of Alaska;

16                   “(IV) native tribal health Consor-  
17                   tiums;

18                   “(V) public agencies; and

19                   “(VI) Native Hawaiian Home  
20                   Lands.

21                   “(ii) ELIGIBLE PROJECTS.—Loans  
22                   and grants described in clause (i) shall be  
23                   available only to provide the described  
24                   water and waste facilities and services to  
25                   communities whose residents face signifi-



1 tional average per capita income,  
2 as determined by the Department  
3 of Commerce; and

4 “(bb) the unemployment  
5 rate of the residents of which is  
6 not less than 125 percent of the  
7 national average unemployment  
8 rate, as determined by the Bu-  
9 reau of Labor Statistics.

10 “(II) EXCEPTION.—Notwith-  
11 standing subclause (I), loans and  
12 grants under clause (i) may also be  
13 made if the loan or grant funds will  
14 be used primarily to provide water or  
15 waste services, or both, to residents of  
16 a rural area that was recognized as a  
17 colonia as of October 1, 1989.

18 “(C) LOANS AND GRANTS TO INDIVID-  
19 UALS.—

20 “(i) IN GENERAL.—The Secretary  
21 shall make or guarantee loans and make  
22 grants to individuals who reside in a com-  
23 munity described in subparagraph (B)(i)  
24 for the purpose of extending water supply  
25 and waste disposal systems, connecting the

1 systems to the residences of the individ-  
2 uals, or installing plumbing and fixtures  
3 within the residences of the individuals to  
4 facilitate the use of the water supply and  
5 waste disposal systems.

6 “(ii) INTEREST.—Loans described in  
7 clause (i) shall be at a rate of interest no  
8 greater than the Federal Financing Bank  
9 rate on loans of a similar term at the time  
10 the loans are made.

11 “(iii) AMORTIZATION.—The repay-  
12 ment of loans described in clause (i) shall  
13 be amortized over the expected life of the  
14 water supply or waste disposal system to  
15 which the residence of the borrower will be  
16 connected.

17 “(iv) MANNER IN WHICH LOANS AND  
18 GRANTS ARE TO BE MADE.—Loans and  
19 grants to individuals under clause (i) shall  
20 be made—

21 “(I) directly to the individuals by  
22 the Secretary; or

23 “(II) to the individuals through  
24 the rural water supply corporation,  
25 cooperative, or similar entity, or pub-

1                   lic agency, providing the water supply  
2                   or waste disposal services, pursuant to  
3                   regulations issued by the Secretary.

4                   “(D) PREFERENCE.—The Secretary shall  
5                   give preference in the awarding of loans and  
6                   grants under subparagraphs (B) and (C) to en-  
7                   tities described in clause (i) of subparagraph  
8                   (B) that propose to provide water supply or  
9                   waste disposal services to the residents of In-  
10                  dian reservations, Alaska Native Villages, Na-  
11                  tive Hawaiian Home Lands, and those rural  
12                  subdivisions commonly referred to as colonias,  
13                  that are characterized by substandard housing,  
14                  inadequate roads and drainage, and a lack of  
15                  adequate water or waste facilities.

16                  “(E) AUTHORIZATION OF APPROPRIA-  
17                  TIONS.—There are authorized to be appro-  
18                  priated—

19                         “(i) for grants under this paragraph,  
20                         \$60,000,000 for each fiscal year;

21                         “(ii) for loans under this paragraph,  
22                         \$60,000,000 for each fiscal year; and

23                         “(iii) in addition to grants provided  
24                         under clause (i), for grants under this sec-

1                   tion to benefit Indian tribes, \$20,000,000  
2                   for each fiscal year.

3                   “(4) SOLID WASTE MANAGEMENT GRANTS.—

4                   “(A) IN GENERAL.—The Secretary may  
5                   make grants to nonprofit organizations for the  
6                   provision of regional technical assistance to  
7                   local and regional governments and related  
8                   agencies for the purpose of reducing or elimi-  
9                   nating pollution of water resources and improv-  
10                  ing the planning and management of solid  
11                  waste disposal facilities in rural areas.

12                  “(B) TECHNICAL ASSISTANCE GRANT  
13                  AMOUNTS.—Grants made under this paragraph  
14                  for the provision of technical assistance shall be  
15                  made for 100 percent of the cost of the tech-  
16                  nical assistance.

17                  “(C) AUTHORIZATION OF APPROPRIA-  
18                  TIONS.—There is authorized to be appropriated  
19                  to carry out this paragraph \$10,000,000 for  
20                  each of fiscal years 2013 through 2017

21                  “(5) RURAL WATER AND WASTEWATER TECH-  
22                  NICAL ASSISTANCE AND TRAINING PROGRAMS.—

23                  “(A) GRANTS TO NONPROFITS.—

24                  “(i) IN GENERAL.—The Secretary  
25                  may make grants to nonprofit organiza-

1           tions to enable the organizations to provide  
2           to associations that provide water and  
3           wastewater services in rural areas technical  
4           assistance and training—

5                   “(I) to identify, and evaluate al-  
6                   ternative solutions to, problems relat-  
7                   ing to the obtaining, storage, treat-  
8                   ment, purification, or distribution of  
9                   water or the collection, treatment, or  
10                  disposal of waste in rural areas;

11                  “(II) to prepare applications to  
12                  receive financial assistance for any  
13                  purpose specified in subsection (a)(1)  
14                  from any public or private source; and

15                  “(III) to improve the operation  
16                  and maintenance practices at any ex-  
17                  isting works for the storage, treat-  
18                  ment, purification, or distribution of  
19                  water or the collection, treatment, or  
20                  disposal of waste in rural areas.

21                  “(ii) **SELECTION PRIORITY.**—In se-  
22                  lecting recipients of grants to be made  
23                  under clause (i), the Secretary shall give  
24                  priority to nonprofit organizations that  
25                  have experience in providing the technical

1 assistance and training described in clause  
2 (i) to associations serving rural areas in  
3 which—

4 “(I) residents have low income;  
5 and

6 “(II) water supply systems or  
7 waste facilities are unhealthful.

8 “(iii) FUNDING.—

9 “(I) IN GENERAL.—Except as  
10 provided in subclause (II), not less  
11 than 1 nor more than 3 percent of  
12 any funds made available to carry out  
13 water and waste disposal projects de-  
14 scribed in subsection (a) for any fiscal  
15 year shall be reserved for grants  
16 under this paragraph.

17 “(II) EXCEPTION.—The min-  
18 imum amount specified in subclause  
19 (I) shall not apply if the aggregate  
20 amount of grant funds requested by  
21 applications that qualify for grants re-  
22 ceived by the Secretary from eligible  
23 nonprofit organizations for the fiscal  
24 year totals less than 1 percent of  
25 those funds.

1                   “(B) RURAL WATER AND WASTEWATER  
2                   CIRCUIT RIDER PROGRAM.—

3                   “(i) IN GENERAL.—The Secretary  
4                   shall continue a national rural water and  
5                   wastewater circuit rider program that—

6                   “(I) is consistent with the activi-  
7                   ties and results of the program con-  
8                   ducted before January 1, 2012, as de-  
9                   termined by the Secretary; and

10                   “(II) received funding from the  
11                   Secretary, acting through the Admin-  
12                   istrator of the Rural Utilities Service.

13                   “(ii) AUTHORIZATION OF APPROPRIA-  
14                   TIONS.—There is authorized to be appro-  
15                   priated to carry out this subparagraph  
16                   \$25,000,000 for fiscal year 2013 and each  
17                   fiscal year thereafter.

18                   “(6) SEARCH PROGRAM.—

19                   “(A) IN GENERAL.—The Secretary may es-  
20                   tablish a Special Evaluation Assistance for  
21                   Rural Communities and Households  
22                   (SEARCH) program to make predevelopment  
23                   planning grants for feasibility studies, design  
24                   assistance, and technical assistance, to finan-  
25                   cially distressed communities in rural areas

1 with populations of 2,500 or fewer inhabitants  
2 for water and waste disposal projects described  
3 in this section.

4 “(B) TERMS.—

5 “(i) DOCUMENTATION.—With respect  
6 to grants made under this paragraph, the  
7 Secretary shall require the lowest quantity  
8 of documentation practicable.

9 “(ii) MATCHING.—Notwithstanding  
10 any other provision of this section, the Sec-  
11 retary may fund up to 100 percent of the  
12 eligible costs of grants provided under this  
13 paragraph, as determined by the Secretary.

14 “(iii) FUNDING.—The Secretary may  
15 use not more than 4 percent of the total  
16 amount of funds made available for a fiscal  
17 year for water, waste disposal, and essen-  
18 tial community facility activities under this  
19 chapter to carry out this paragraph.

20 “(C) RELATIONSHIP TO OTHER AUTHOR-  
21 ITY.—

22 “(i) IN GENERAL.—The funds and au-  
23 thorities provided under this paragraph are  
24 in addition to any other funds or authori-

1                   ties the Secretary may have to carry out  
2                   activities described in this section.

3                   “(ii) AUTHORIZED ACTIVITIES.—The  
4                   Secretary may furnish financial assistance  
5                   or other aid in planning projects for the  
6                   purposes described in subparagraph (A).

7                   “(f) PRIORITY.—In making grants and loans, and  
8                   guaranteeing loans, for water, wastewater, and waste dis-  
9                   posal projects under this section, the Secretary shall give  
10                  priority consideration to projects that serve rural commu-  
11                  nities that, as determined by the Secretary—

12                  “(1) have a population of less than 5,500 per-  
13                  manent residents;

14                  “(2) have a community water, wastewater, or  
15                  waste disposal system that—

16                         “(A) is experiencing—

17                                 “(i) an unanticipated reduction in the  
18                                 quality of water, the quantity of water, or  
19                                 the ability to deliver water; or

20                                 “(ii) some other deterioration in the  
21                                 supply of water to the community;

22                                 “(B) is not adequate to meet the needs of  
23                                 the community; and

24                                 “(C) requires immediate corrective action;

25                  “(3) are experiencing outmigration;

1           “(4) have a high percentage of low-income resi-  
2           dents; or

3           “(5) are isolated from other significant popu-  
4           lation centers.

5           “(g) CURTAILMENT OR LIMITATION OF SERVICE  
6 PROHIBITED.—The service provided or made available  
7 through any such association shall not be curtailed or lim-  
8 ited by inclusion of the area served by such association  
9 within the boundaries of any municipal corporation or  
10 other public body, or by the granting of any private fran-  
11 chise for similar service within such area during the term  
12 of such loan; nor shall the happening of any such event  
13 be the basis of requiring such association to secure any  
14 franchise, license, or permit as a condition to continuing  
15 to serve the area served by the association at the time  
16 of the occurrence of such event.

17           “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
18 are authorized to be appropriated to carry out this section  
19 such sums as are necessary.

20 **“SEC. 3502. COMMUNITY FACILITIES LOANS, LOAN GUARAN-**  
21 **TEES, AND GRANTS.**

22           “(a) IN GENERAL.—The Secretary may make grants  
23 and loans and issue loan guarantees (including a guar-  
24 antee of a loan financed by the net proceeds of a bond  
25 described in section 142(a) of the Internal Revenue Code

1 of 1986) to eligible entities described in subsection (b) for  
2 projects in rural areas that primarily serve rural residents  
3 to provide for—

4 “(1) essential community facilities, including—

5 “(A) necessary equipment;

6 “(B) recreational developments; and

7 “(2) financial assistance and other assistance in  
8 the planning of projects for purposes described in  
9 this section.

10 “(b) ELIGIBLE ENTITIES.—Entities eligible for as-  
11 sistance described in subsection (a) are—

12 “(1) associations (including corporations not  
13 operated for profit);

14 “(2) Indian tribes (including groups of individ-  
15 uals described in paragraph (4) of section 815 of the  
16 Native American Programs Act of 1974 (42 U.S.C.  
17 2992c)); and

18 “(3) public and quasi-public agencies.

19 “(c) LOAN AND LOAN GUARANTEE REQUIRE-  
20 MENTS.—

21 “(1) IN GENERAL.—In connection with loans  
22 made or guaranteed under this section, the Sec-  
23 retary shall require the applicant—

24 “(A) to certify in writing, and the Sec-  
25 retary shall determine, that the applicant is un-

1           able to obtain sufficient credit elsewhere to fi-  
2           nance the actual needs of the applicant at rea-  
3           sonable rates and terms, taking into consider-  
4           ation prevailing private and cooperative rates  
5           and terms in the community in or near which  
6           the applicant resides for loans for similar pur-  
7           poses and periods of time; and

8                   “(B) to furnish an appropriate written fi-  
9                   nancial statement.

10           “(2) DEBT RESTRUCTURING AND LOAN SERV-  
11           ICING FOR COMMUNITY FACILITY LOANS.—The Sec-  
12           retary shall establish and implement a program that  
13           is similar to the program established under section  
14           3411, except that the debt restructuring and loan  
15           servicing procedures shall apply to delinquent com-  
16           munity facility program loans (rather than delin-  
17           quent farmer program loans) made by the Farm  
18           Service Agency to a hospital or health care facility  
19           under subsection (a).

20           “(d) GRANT AMOUNTS.—

21                   “(1) MAXIMUM.—Except as otherwise provided  
22                   in this subsection, the amount of any grant made  
23                   under this section shall not exceed 75 percent of the  
24                   development cost of the project for which the grant  
25                   is provided.

1           “(2) GRANT RATE.—The Secretary shall estab-  
2           lish the grant rate for each project in conformity  
3           with regulations issued by the Secretary that shall  
4           provide for a graduated scale of grant rates that es-  
5           tablish higher rates for projects in communities that  
6           have—

7                       “(A) low community population;

8                       “(B) high rates of outmigration; and

9                       “(C) low income levels.

10           “(3) LOCAL SHARE REQUIREMENTS.—Grants  
11           made under this section may be used to pay the  
12           local share requirements of another Federal grant-  
13           in-aid program to the extent permitted under the  
14           law providing for the grant-in-aid program.

15           “(e) PRIORITY.—In making grants and loans, and  
16           guaranteeing loans under this section, the Secretary shall  
17           give priority consideration to projects that serve rural  
18           communities that—

19                       “(1) have a population of less than 20,000 per-  
20           manent residents;

21                       “(2) are experiencing outmigration;

22                       “(3) have a high percentage of low-income resi-  
23           dents; or

24                       “(4) are isolated from other significant popu-  
25           lation centers.

1 “(f) TRIBAL COLLEGES AND UNIVERSITIES.—

2 “(1) IN GENERAL.—The Secretary may make  
3 grants to an entity that is a Tribal College or Uni-  
4 versity (as defined in section 316(b) of the Higher  
5 Education Act of 1965 (20 U.S.C. 1059c(b))) to  
6 provide the Federal share of the cost of developing  
7 specific Tribal College or University essential com-  
8 munity facilities in rural areas.

9 “(2) FEDERAL SHARE.—The Secretary shall es-  
10 tablish the maximum percentage of the cost of the  
11 facility that may be covered by a grant under this  
12 paragraph, except that the Secretary may not re-  
13 quire non-Federal financial support in an amount  
14 that is greater than 5 percent of the total cost of the  
15 facility.

16 “(3) AUTHORIZATION OF APPROPRIATIONS.—  
17 There is authorized to be appropriated to carry out  
18 this subsection \$10,000,000 for each of fiscal years  
19 2013 through 2017.

20 “(g) TECHNICAL ASSISTANCE FOR COMMUNITY FA-  
21 CILITIES PROJECTS.—

22 “(1) IN GENERAL.—Subject to paragraph (2),  
23 the Secretary may use funds made available for com-  
24 munity facilities programs authorized under this sec-

1           tion to provide technical assistance to applicants and  
2           participants for community facilities programs.

3           “(2) FUNDING.—The Secretary may use not  
4           more than 3 percent of the amount of funds made  
5           available to participants for a fiscal year for a com-  
6           munity facilities program to provide technical assist-  
7           ance described in paragraph (1).

8           “(h) AUTHORIZATION OF APPROPRIATIONS.—There  
9           are authorized to be appropriated to carry out this section  
10          such sums as are necessary.

11       **“SEC. 3503. HEALTH CARE SERVICES.**

12          “(a) PURPOSE.—The purpose of this section is to ad-  
13          dress the continued unmet health needs in the Delta re-  
14          gion through cooperation among health care professionals,  
15          institutions of higher education, research institutions, and  
16          other individuals and entities in the region.

17          “(b) DEFINITION OF ELIGIBLE ENTITY.—In this sec-  
18          tion, the term ‘eligible entity’ means a consortium of re-  
19          gional institutions of higher education, academic health  
20          and research institutes, and economic development entities  
21          located in the Delta region that have experience in ad-  
22          dressing the health care issues in the region.

23          “(c) GRANTS.—To carry out the purpose described  
24          in subsection (a), the Secretary may award a grant to an  
25          eligible entity for—

1 “(1) the development of—

2 “(A) health care services;

3 “(B) health education programs; and

4 “(C) health care job training programs;

5 and

6 “(2) the development and expansion of public

7 health-related facilities in the Delta region to ad-

8 dress longstanding and unmet health needs of the

9 region.

10 “(d) USE.—As a condition of the receipt of the grant,

11 the eligible entity shall use the grant to fund projects and

12 activities described in subsection (c), based on input solici-

13 ited from local governments, public health care providers,

14 and other entities in the Delta region.

15 “(e) AUTHORIZATION OF APPROPRIATIONS.—There

16 is authorized to be appropriated to the Secretary to carry

17 out this section \$3,000,000 for each of fiscal years 2013

18 through 2017.

19 **“CHAPTER 2—RURAL BUSINESS AND**

20 **COOPERATIVE DEVELOPMENT**

21 **“SEC. 3601. BUSINESS PROGRAMS.**

22 “(a) RURAL BUSINESS DEVELOPMENT GRANTS.—

23 “(1) IN GENERAL.—The Secretary may make

24 grants under this subsection to eligible entities de-

25 scribed in paragraph (2) in rural areas that pri-

1       marily serve rural areas for purposes described in  
2       paragraph (3).

3               “(2) ELIGIBLE ENTITIES.—The Secretary may  
4       make grants under this subsection to—

5                       “(A) public bodies;

6                       “(B) Indian tribes; and

7                       “(C) nonprofit entities.

8               “(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligi-  
9       ble entities that receive grants under this subsection  
10      may use the grant funds for—

11                      “(A) business opportunity projects that—

12                              “(i) identify and analyze business op-  
13                              portunities;

14                              “(ii) identify, train, and provide tech-  
15                              nical assistance to existing or prospective  
16                              rural entrepreneurs and managers;

17                              “(iii) assist in the establishment of  
18                              new rural businesses and the maintenance  
19                              of existing businesses, including through  
20                              business support centers;

21                              “(iv) conduct regional, community,  
22                              and local economic development planning  
23                              and coordination, and leadership develop-  
24                              ment; and

1           “(v) establish centers for training,  
2           technology, and trade that will provide  
3           training to rural businesses in the use of  
4           interactive communications technologies to  
5           develop international trade opportunities  
6           and markets; and

7           “(B) projects that support the development  
8           of business enterprises that finance or facili-  
9           tate—

10           “(i) the development of small and  
11           emerging private business enterprise;

12           “(ii) the establishment, expansion,  
13           and operation of rural distance learning  
14           networks;

15           “(iii) the development of rural learn-  
16           ing programs that provide educational in-  
17           struction or job training instruction related  
18           to potential employment or job advance-  
19           ment to adult students; and

20           “(iv) the provision of technical assist-  
21           ance and training to rural communities for  
22           the purpose of improving passenger trans-  
23           portation services or facilities.

24           “(4) AUTHORIZATION OF APPROPRIATIONS.—

25           There is authorized to be appropriated to the Sec-

1       retary to carry out this subsection \$65,000,000 for  
2       each of fiscal years 2013 through 2017, to remain  
3       available until expended.

4       “(b) VALUE-ADDED AGRICULTURAL PRODUCER  
5 GRANTS.—

6               “(1) DEFINITIONS.—In this subsection:

7                       “(A) MID-TIER VALUE CHAIN.—The term  
8                       ‘mid-tier value chain’ means a local and re-  
9                       gional supply network that links independent  
10                      producers with businesses and cooperatives that  
11                      market value-added agricultural products in a  
12                      manner that—

13                      “(i) targets and strengthens the prof-  
14                      itability and competitiveness of small- and  
15                      medium-sized farms and ranches that are  
16                      structured as family farms; and

17                      “(ii) obtains agreement from an eligi-  
18                      ble agricultural producer group, farmer or  
19                      rancher cooperative, or majority-controlled  
20                      producer-based business venture that is en-  
21                      gaged in the value chain on a marketing  
22                      strategy.

23                      “(B) VALUE-ADDED AGRICULTURAL PROD-  
24                      UCT.—The term ‘value-added agricultural prod-

1           uct’ means any agricultural commodity or prod-  
2           uct—

3                   “(i) that—

4                           “(I) has undergone a change in  
5                           physical state;

6                           “(II) was produced in a manner  
7                           that enhances the value of the agricul-  
8                           tural commodity or product, as dem-  
9                           onstrated through a business plan  
10                           that shows the enhanced value, as de-  
11                           termined by the Secretary;

12                           “(III) is physically segregated in  
13                           a manner that results in the enhance-  
14                           ment of the value of the agricultural  
15                           commodity or product;

16                           “(IV) is a source of farm- or  
17                           ranch-based renewable energy, includ-  
18                           ing E-85 fuel; or

19                           “(V) is aggregated and marketed  
20                           as a locally produced agricultural food  
21                           product; and

22                           “(ii) for which, as a result of the  
23                           change in physical state or the manner in  
24                           which the agricultural commodity or prod-

1           uct was produced, marketed, or seg-  
2           regated—

3                   “(I) the customer base for the  
4                   agricultural commodity or product is  
5                   expanded; and

6                   “(II) a greater portion of the rev-  
7                   enue derived from the marketing,  
8                   processing, or physical segregation of  
9                   the agricultural commodity or product  
10                  is available to the producer of the  
11                  commodity or product.

12           “(2) GRANTS.—

13                   “(A) IN GENERAL.—The Secretary may  
14                  make grants under this subsection to—

15                           “(i) independent producers of value-  
16                           added agricultural products; and

17                           “(ii) an agricultural producer group,  
18                           farmer or rancher cooperative, or majority-  
19                           controlled producer-based business venture,  
20                           as determined by the Secretary.

21                   “(B) GRANTS TO A PRODUCER.—A grantee  
22                  under subparagraph (A)(i) shall use the  
23                  grant—

24                           “(i) to develop a business plan or per-  
25                           form a feasibility study to establish a via-



1 medium-sized farms and ranches that  
2 are structured as family farms; or

3 “(II) at least  $\frac{1}{4}$  of the recipients  
4 of which are beginning farmers or  
5 ranchers or socially disadvantaged  
6 farmers or ranchers.

7 “(ii) RANKING.—In evaluating and  
8 ranking proposals under this subsection,  
9 the Secretary shall provide substantial  
10 weight to the priorities described in clause  
11 (i).

12 “(E) AMOUNT OF GRANT.—

13 “(i) IN GENERAL.—The total amount  
14 provided to a grant recipient under this  
15 subsection shall not exceed \$500,000.

16 “(ii) MAJORITY-CONTROLLED, PRO-  
17 DUCER-BASED BUSINESS VENTURES.—The  
18 total amount of all grants provided to ma-  
19 jority-controlled, producer-based business  
20 ventures under this subsection for a fiscal  
21 year shall not exceed 10 percent of the  
22 amount of funds used to make all grants  
23 for the fiscal year under this subsection.

24 “(F) TERM.—The term of a grant under  
25 this paragraph shall not exceed 3 years.

1           “(G) SIMPLIFIED APPLICATION.—The Sec-  
2           retary shall offer a simplified application form  
3           and process for project proposals requesting  
4           less than \$50,000 under this subsection.

5           “(3) FUNDING.—

6           “(A) AUTHORIZATION OF APPROPRIA-  
7           TIONS.—There is authorized to be appropriated  
8           to carry out this subsection \$40,000,000 for  
9           each of fiscal years 2013 through 2017.

10          “(B) RESERVATION OF FUNDS FOR  
11          PROJECTS TO BENEFIT BEGINNING FARMERS  
12          OR RANCHERS, SOCIALLY DISADVANTAGED  
13          FARMERS OR RANCHERS, AND MID-TIER VALUE  
14          CHAINS.—

15               “(i) IN GENERAL.—The Secretary  
16               shall reserve 10 percent of the amounts  
17               made available for each fiscal year under  
18               this subsection to fund projects that ben-  
19               efit beginning farmers or ranchers or so-  
20               cially disadvantaged farmers or ranchers.

21               “(ii) MID-TIER VALUE CHAINS.—The  
22               Secretary shall reserve 10 percent of the  
23               amounts made available for each fiscal  
24               year under this subsection to fund applica-  
25               tions of eligible entities described in para-

1 graph (2) that propose to develop mid-tier  
2 value chains.

3 “(iii) UNOBLIGATED AMOUNTS.—Any  
4 amounts in the reserves for a fiscal year  
5 established under clauses (i) and (ii) that  
6 are not obligated by June 30 of the fiscal  
7 year shall be available to the Secretary to  
8 make grants under this subsection to eligi-  
9 ble entities in any State, as determined by  
10 the Secretary.

11 “(c) RURAL COOPERATIVE DEVELOPMENT  
12 GRANTS.—

13 “(1) DEFINITIONS.—In this subsection:

14 “(A) NONPROFIT INSTITUTION.—The term  
15 ‘nonprofit institution’ means any organization  
16 or institution, including an accredited institu-  
17 tion of higher education, no part of the net  
18 earnings of which inures, or may lawfully inure,  
19 to the benefit of any private shareholder or in-  
20 dividual.

21 “(B) UNITED STATES.—The term  
22 “‘United States’ ” means—

23 “(i) the several States;

24 “(ii) the District of Columbia;

1                   “(iii) the Commonwealth of Puerto  
2                   Rico;

3                   “(iv) the United States Virgin Is-  
4                   lands;

5                   “(v) Guam; and

6                   “(vi) American Samoa.

7                   “(2) GRANTS.—The Secretary shall make  
8                   grants under this subsection to nonprofit institutions  
9                   for the purpose of enabling the nonprofit institutions  
10                  to establish and operate centers for rural cooperative  
11                  development.

12                  “(3) GOALS.—The goals of a center funded  
13                  under this subsection shall be to facilitate the cre-  
14                  ation of jobs in rural areas through the development  
15                  of new rural cooperatives, value -added processing,  
16                  and rural businesses.

17                  “(4) APPLICATION.—

18                         “(A) IN GENERAL.—Any nonprofit institu-  
19                         tion seeking a grant under paragraph (2) shall  
20                         submit to the Secretary an application con-  
21                         taining a plan for the establishment and oper-  
22                         ation by the institution of 1 or more centers for  
23                         cooperative development.

1           “(B) REQUIREMENTS.—The Secretary  
2           may approve an application if the plan contains  
3           the following:

4                   “(i) A provision that substantiates  
5                   that the center will effectively serve rural  
6                   areas in the United States.

7                   “(ii) A provision that the primary ob-  
8                   jective of the center will be to improve the  
9                   economic condition of rural areas through  
10                  cooperative development.

11                  “(iii) A description of the activities  
12                  that the center will carry out to accomplish  
13                  the objective, which may include pro-  
14                  grams—

15                          “(I) for applied research and fea-  
16                          sibility studies that may be useful to  
17                          individuals, cooperatives, small busi-  
18                          nesses, and other similar entities in  
19                          rural areas served by the center;

20                          “(II) for the collection, interpre-  
21                          tation, and dissemination of informa-  
22                          tion that may be useful to individuals,  
23                          cooperatives, small businesses, and  
24                          other similar entities in rural areas  
25                          served by the center;

1                   “(III) providing training and in-  
2                   struction for individuals, cooperatives,  
3                   small businesses, and other similar  
4                   entities in rural areas served by the  
5                   center;

6                   “(IV) providing loans and grants  
7                   to individuals, cooperatives, small  
8                   businesses, and other similar entities  
9                   in rural areas served by the center;

10                  “(V) providing technical assist-  
11                  ance, research services, and advisory  
12                  services to individuals, cooperatives,  
13                  small businesses, and other similar  
14                  entities in rural areas served by the  
15                  center; and

16                  “(VI) providing for the coordina-  
17                  tion of services and sharing of infor-  
18                  mation by the center.

19                  “(iv) A description of the contribu-  
20                  tions that the activities are likely to make  
21                  to the improvement of the economic condi-  
22                  tions of the rural areas for which the cen-  
23                  ter will provide services.

24                  “(v) Provisions that the center, in car-  
25                  rying out the activities, will seek, if appro-

1           priate, the advice, participation, expertise,  
2           and assistance of representatives of busi-  
3           ness, industry, educational institutions, the  
4           Federal Government, and State and local  
5           governments.

6           “(vi) Provisions that the center will  
7           take all practicable steps to develop con-  
8           tinuing sources of financial support for the  
9           center, particularly from sources in the pri-  
10          vate sector.

11          “(vii) Provisions for—

12                  “(I) monitoring and evaluating  
13                  the activities by the nonprofit institu-  
14                  tion operating the center; and

15                  “(II) accounting for funds re-  
16                  ceived by the institution under this  
17                  section.

18          “(5) AWARDING GRANTS.—

19                  “(A) IN GENERAL.—Grants made under  
20                  paragraph (2) shall be made on a competitive  
21                  basis.

22                  “(B) PREFERENCE.—In making grants  
23                  under paragraph (2), the Secretary shall give  
24                  preference to grant applications providing for



1 centers and other organizations in-  
2 volved in rural economic development  
3 efforts; and

4 “(II) developing multiorganiza-  
5 tion and multistate approaches to ad-  
6 dressing the economic development  
7 and cooperative needs of rural areas;  
8 and

9 “(vi) commit to providing a 25 per-  
10 cent matching contribution with private  
11 funds and in-kind contributions, except  
12 that the Secretary shall not require non-  
13 Federal financial support in an amount  
14 that is greater than 5 percent in the case  
15 of a 1994 institution (as defined in section  
16 532 of the Equity in Educational Land-  
17 Grant Status Act of 1994 (7 U.S.C. 301  
18 note; Public Law 103–382)).

19 “(6) GRANT PERIOD.—

20 “(A) IN GENERAL.—A grant awarded to a  
21 center that has received no prior funding under  
22 this subsection shall be made for a period of 1  
23 year.

24 “(B) MULTIYEAR GRANTS.—If the Sec-  
25 retary determines it to be in the best interest

1           of the program, the Secretary shall award  
2           grants for a period of more than 1 year, but  
3           not more than 3 years, to a center that has suc-  
4           cessfully met the requirements of paragraph  
5           (5)(B), as determined by the Secretary.

6           “(7) AUTHORITY TO EXTEND GRANT PERIOD.—  
7           The Secretary may extend for 1 additional 12-month  
8           period the period during which a grantee may use a  
9           grant made under this subsection.

10           “(8) TECHNICAL ASSISTANCE TO PREVENT EX-  
11           CESSIVE UNEMPLOYMENT OR UNDEREMPLOY-  
12           MENT.—

13           “(A) IN GENERAL.—In carrying out this  
14           subsection, the Secretary may provide technical  
15           assistance to alleviate or prevent conditions of  
16           excessive unemployment, underemployment,  
17           outmigration, or low employment growth in eco-  
18           nomically distressed rural areas that the Sec-  
19           retary determines have a substantial need for  
20           the assistance.

21           “(B) INCLUSIONS.—The assistance may  
22           include planning and feasibility studies, man-  
23           agement and operational assistance, and studies  
24           evaluating the need for the development poten-

1           tial of projects that increase employment and  
2           improve economic growth in the areas.

3           “(9) GRANTS TO DEFRAY ADMINISTRATIVE  
4 COSTS.—

5           “(A) IN GENERAL.—The Secretary may  
6           make grants to defray not to exceed 75 percent  
7           of the costs incurred by organizations and pub-  
8           lic bodies to carry out projects for which grants  
9           or loans are made under this subsection.

10           “(B) COST-SHARING.—For purposes of de-  
11           termining the non-Federal share of the costs,  
12           the Secretary shall include contributions in cash  
13           and in kind, fairly evaluated, including prem-  
14           ises, equipment, and services.

15           “(10) COOPERATIVE RESEARCH PROGRAM.—  
16           The Secretary shall offer to enter into a cooperative  
17           research agreement with 1 or more qualified aca-  
18           demic institutions in each fiscal year to conduct re-  
19           search on the effects of all types of cooperatives on  
20           the national economy.

21           “(11) ADDRESSING NEEDS OF MINORITY COM-  
22 MUNITIES.—

23           “(A) IN GENERAL.—If the total amount  
24           appropriated under paragraph (13) for a fiscal  
25           year exceeds \$7,500,000, the Secretary shall re-

1           serve an amount equal to 20 percent of the  
2           total amount appropriated for grants for coop-  
3           erative development centers, individual coopera-  
4           tives, or groups of cooperatives—

5                   “(i) that serve socially disadvantaged  
6                   groups; and

7                   “(ii) a majority of the boards of direc-  
8                   tors or governing boards of which are com-  
9                   prised of individuals who are members of  
10                  socially disadvantaged groups.

11               “(B) INSUFFICIENT APPLICATIONS.—To  
12               the extent there are insufficient applications to  
13               carry out subparagraph (A), the Secretary shall  
14               use the funds as otherwise authorized by this  
15               subsection.

16               “(12) INTERAGENCY WORKING GROUP.—Not  
17               later than 90 days after the date of enactment of  
18               the Agriculture Reform, Food, and Jobs Act of  
19               2012, the Secretary shall coordinate and chair an  
20               interagency working group to foster cooperative de-  
21               velopment and ensure coordination with Federal  
22               agencies and national and local cooperative organiza-  
23               tions that have cooperative programs and interests.

24               “(13) AUTHORIZATION OF APPROPRIATIONS.—  
25               There is authorized to be appropriated to carry out

1       this subsection \$50,000,000 for each of fiscal years  
2       2013 through 2017.

3       “(d) APPROPRIATE TECHNOLOGY TRANSFER FOR  
4 RURAL AREAS PROGRAM.—

5           “(1) DEFINITION OF NATIONAL NONPROFIT AG-  
6 RICULTURAL ASSISTANCE INSTITUTION.—In this  
7 subsection, the term ‘national nonprofit agricultural  
8 assistance institution’ means an organization that—

9           “(A) is described in section 501(c)(3) of  
10 the Internal Revenue Code of 1986 and exempt  
11 from taxation under 501(a) of that Code;

12           “(B) has staff and offices in multiple re-  
13 gions of the United States;

14           “(C) has experience and expertise in oper-  
15 ating national agricultural technical assistance  
16 programs;

17           “(D) expands markets for the agricultural  
18 commodities produced by producers through the  
19 use of practices that enhance the environment,  
20 natural resource base, and quality of life; and

21           “(E) improves the economic viability of ag-  
22 ricultural operations.

23           “(2) ESTABLISHMENT.—The Secretary shall es-  
24 tablish a national appropriate technology transfer

1 for rural areas program to assist agricultural pro-  
2 ducers that are seeking information—

3 “(A) to reduce input costs;

4 “(B) to conserve energy resources;

5 “(C) to diversify operations through new  
6 energy crops and energy generation facilities;  
7 and

8 “(D) to expand markets for agricultural  
9 commodities produced by the producers by  
10 using practices that enhance the environment,  
11 natural resource base, and quality of life.

12 “(3) IMPLEMENTATION.—

13 “(A) IN GENERAL.—The Secretary shall  
14 carry out the program under this subsection by  
15 making a grant to, or offering to enter into a  
16 cooperative agreement with, a national non-  
17 profit agricultural assistance institution.

18 “(B) GRANT AMOUNT.—A grant made, or  
19 cooperative agreement entered into, under sub-  
20 paragraph (A) shall provide 100 percent of the  
21 cost of providing information described in para-  
22 graph (2).

23 “(4) AUTHORIZATION OF APPROPRIATIONS.—

24 There is authorized to be appropriated to carry out

1       this subsection \$5,000,000 for each of fiscal years  
2       2013 through 2017.

3       “(e) BUSINESS AND INDUSTRY DIRECT AND GUAR-  
4 ANTEED LOANS.—

5           “(1) DEFINITION OF BUSINESS AND INDUSTRY  
6 LOAN.—In this section, the term ‘business and in-  
7 dustry loan’ means a direct loan that is made, or a  
8 loan that is guaranteed, by the Secretary under this  
9 subsection.

10          “(2) LOAN PURPOSES.—The Secretary may  
11 make business and industry loans to public, private,  
12 or cooperative organizations organized for profit or  
13 nonprofit, private investment funds that invest pri-  
14 marily in cooperative organizations, or to individ-  
15 uals—

16           “(A) to improve, develop, or finance busi-  
17 ness, industry, and employment and improve  
18 the economic and environmental climate in  
19 rural communities, including pollution abate-  
20 ment and control;

21           “(B) to conserve, develop, and use water  
22 for aquaculture purposes in rural areas; and

23           “(C) to reduce the reliance on nonrenew-  
24 able energy resources by encouraging the devel-  
25 opment and construction of renewable energy

1 systems (including solar energy systems, wind  
2 energy systems, and anaerobic digestors for the  
3 purpose of energy generation), including the  
4 modification of existing systems, in rural areas.

5 “(3) LOAN GUARANTEES FOR CERTAIN  
6 LOANS.—The Secretary may guarantee loans made  
7 under this subsection to finance the issuance of  
8 bonds for the projects described in paragraph (2).

9 “(4) MAXIMUM AMOUNT OF PRINCIPAL.—

10 “(A) IN GENERAL.—Except as otherwise  
11 provided in this paragraph, no loan may be  
12 made, insured, or guaranteed under this sub-  
13 section that exceeds \$25,000,000 in principal  
14 amount.

15 “(B) LIMITATIONS ON LOAN GUARANTEES  
16 FOR COOPERATIVE ORGANIZATIONS.—

17 “(i) PRINCIPAL AMOUNT.—Subject to  
18 clause (ii), the principal amount of a busi-  
19 ness and industry loan made to a coopera-  
20 tive organization and guaranteed under  
21 this subsection shall not exceed  
22 \$40,000,000.

23 “(ii) USE.—To be eligible for a guar-  
24 antee under this subsection for a business  
25 and industry loan made to a cooperative

1 organization, the principal amount of the  
2 loan in excess of \$25,000,000 shall be used  
3 to carry out a project that is in a rural  
4 area and—

5 “(I) provides for the value-added  
6 processing of agricultural commod-  
7 ities; or

8 “(II) significantly benefits 1 or  
9 more entities eligible for assistance for  
10 the purposes described in paragraph  
11 (2), as determined by the Secretary.

12 “(iii) APPLICATIONS.—If a coopera-  
13 tive organization submits an application  
14 for a guarantee under this paragraph, the  
15 Secretary shall make the determination  
16 whether to approve the application, and  
17 the Secretary may not delegate this au-  
18 thority.

19 “(iv) MAXIMUM AMOUNT.—The total  
20 amount of business and industry loans  
21 made to cooperative organizations and  
22 guaranteed for a fiscal year under this  
23 subsection with principal amounts that are  
24 in excess of \$25,000,000 may not exceed  
25 10 percent of the total amount of business

1                   and industry loans guaranteed for the fis-  
2                   cal year under this subsection.

3                   “(5) FEES.—The Secretary may assess a 1-  
4                   time fee and an annual renewal fee for any guaran-  
5                   teed business and industry loan in an amount that  
6                   does not exceed 3 percent of the guaranteed prin-  
7                   cipal portion of the loan.

8                   “(6) INTANGIBLE ASSETS.—In determining  
9                   whether a cooperative organization is eligible for a  
10                  guaranteed business and industry loan, the Sec-  
11                  retary may consider the market value of a properly  
12                  appraised brand name, patent, or trademark of the  
13                  cooperative.

14                  “(7) LOAN APPRAISALS.—The Secretary may  
15                  require that any appraisal made in connection with  
16                  a business and industry loan be conducted by a spe-  
17                  cialized appraiser that uses standards that are com-  
18                  parable to standards used for similar purposes in the  
19                  private sector, as determined by the Secretary.

20                  “(8) LOAN GUARANTEES FOR THE PURCHASE  
21                  OF COOPERATIVE STOCK.—

22                  “(A) IN GENERAL.—The Secretary may  
23                  guarantee a business and industry loan to indi-  
24                  vidual farmers or ranchers to purchase capital  
25                  stock of a farmer or rancher cooperative estab-

1           lished for the purpose of processing an agricul-  
2           tural commodity.

3           “(B) PROCESSING CONTRACTS DURING INI-  
4           TIAL PERIOD.—A cooperative described in sub-  
5           paragraph (A) for which a farmer or rancher  
6           receives a guarantee to purchase stock under  
7           that subparagraph may contract for services to  
8           process agricultural commodities or otherwise  
9           process value added for the period beginning on  
10          the date of the startup of the cooperative in  
11          order to provide adequate time for the planning  
12          and construction of the processing facility of  
13          the cooperative.

14          “(C) FINANCIAL INFORMATION.—Financial  
15          information required by the Secretary from a  
16          farmer or rancher as a condition of making a  
17          business and industry loan guarantee under this  
18          paragraph shall be provided in the manner gen-  
19          erally required by commercial agricultural lend-  
20          ers in the applicable area.

21          “(9) LOANS TO COOPERATIVES.—

22                  “(A) ELIGIBILITY.—

23                          “(i) IN GENERAL.—The Secretary  
24                          may make or guarantee a business and in-  
25                          dustry loan to a cooperative organization



1                   “(II)(aa) is not, and has not  
2                   been, in payment default, with respect  
3                   to the existing loan; or

4                   “(bb) has not converted any of  
5                   the collateral with respect to the exist-  
6                   ing loan; and

7                   “(ii) there is adequate security or full  
8                   collateral for the refinanced loan.

9                   “(10) LOAN GUARANTEES IN NONRURAL  
10                  AREAS.—The Secretary may guarantee a business  
11                  and industry loan to a cooperative organization for  
12                  a facility that is not located in a rural area if—

13                   “(A) the primary purpose of the loan guar-  
14                   antee is for a facility to provide value-added  
15                   processing for agricultural producers that are  
16                   located within 80 miles of the facility;

17                   “(B) the applicant demonstrates to the  
18                   Secretary that the primary benefit of the loan  
19                   guarantee will be to provide employment for  
20                   residents of a rural area; and

21                   “(C) the total amount of business and in-  
22                   dustry loans guaranteed for a fiscal year under  
23                   this paragraph does not exceed 10 percent of  
24                   the business and industry loans guaranteed for  
25                   the fiscal year under this subsection.

1           “(11) LOCALLY OR REGIONALLY PRODUCED AG-  
2           RICULTURAL FOOD PRODUCTS.—

3           “(A) DEFINITIONS.—In this paragraph:

4           “(i) LOCALLY OR REGIONALLY PRO-  
5           DUCED AGRICULTURAL FOOD PRODUCT.—

6           The term ‘locally or regionally produced  
7           agricultural food product’ means any agri-  
8           cultural food product that is raised, pro-  
9           duced, and distributed in—

10           “(I) the locality or region in  
11           which the final product is marketed,  
12           so that the total distance that the  
13           product is transported is less than  
14           400 miles from the origin of the prod-  
15           uct; or

16           “(II) the State in which the  
17           product is produced.

18           “(ii) UNDERSERVED COMMUNITY.—

19           The term ‘underserved community’ means  
20           a community (including an urban or rural  
21           community and an Indian tribal commu-  
22           nity) that, as determined by the Secretary,  
23           has—

24           “(I) limited access to affordable,  
25           healthy foods, including fresh fruits

1                   and vegetables, in grocery retail stores  
2                   or farmer-to-consumer direct markets;  
3                   and

4                   “(II) a high rate of hunger or  
5                   food insecurity or a high poverty rate.

6                   “(B) LOAN AND LOAN GUARANTEE PRO-  
7                   GRAM.—

8                   “(i) IN GENERAL.—The Secretary  
9                   shall make or guarantee loans to individ-  
10                  uals, cooperatives, cooperative organiza-  
11                  tions, businesses, and other entities to es-  
12                  tablish and facilitate enterprises that proc-  
13                  ess, distribute, aggregate, store, and mar-  
14                  ket locally or regionally produced agricul-  
15                  tural food products to support community  
16                  development and farm income.

17                  “(ii) REQUIREMENT.—The recipient  
18                  of a loan or loan guarantee under this  
19                  paragraph shall include in an appropriate  
20                  agreement with retail and institutional fa-  
21                  cilities to which the recipient sells locally  
22                  or regionally produced agricultural food  
23                  products a requirement to inform con-  
24                  sumers of the retail or institutional facili-  
25                  ties that the consumers are purchasing or

1 consuming locally or regionally produced  
2 agricultural food products.

3 “(iii) PRIORITY.—In making or guar-  
4 anteeing a loan under this paragraph, the  
5 Secretary shall give priority to projects  
6 that have components benefitting under-  
7 served communities.

8 “(iv) REPORTS.—Not later than 2  
9 years after the date of enactment of the  
10 Agriculture Reform, Food, and Jobs Act of  
11 2012 and annually thereafter, the Sec-  
12 retary shall submit to the Committee on  
13 Agriculture of the House of Representa-  
14 tives and the Committee on Agriculture,  
15 Nutrition, and Forestry of the Senate, and  
16 publish on the Internet, a report that de-  
17 scribes projects carried out using loans or  
18 loan guarantees made under clause (i), in-  
19 cluding—

20 “(I) summary information about  
21 all projects;

22 “(II) the characteristics of the  
23 communities served; and

24 “(III) resulting benefits.

1                   “(v) RESERVATION OF FUNDS.—For  
2                   each of fiscal years 2012 through 2017,  
3                   the Secretary shall reserve not less than 5  
4                   percent of the total amount of funds made  
5                   available to carry out this subsection to  
6                   carry out this paragraph until April 1 of  
7                   the fiscal year.

8                   “(vi) OUTREACH.—The Secretary  
9                   shall develop and implement an outreach  
10                  plan to publicize the availability of loans  
11                  and loan guarantees under this paragraph,  
12                  working closely with rural cooperative de-  
13                  velopment centers, credit unions, commu-  
14                  nity development financial institutions, re-  
15                  gional economic development authorities,  
16                  and other financial and economic develop-  
17                  ment entities.

18                  “(12) AUTHORIZATION OF APPROPRIATIONS.—  
19                  There is authorized to be appropriated to carry out  
20                  this subsection \$75,000,000 for each of fiscal years  
21                  2013 through 2017.

22                  “(f) RELENDING PROGRAMS.—

23                         “(1) INTERMEDIATE RELENDING PROGRAM.—

24                                 “(A) IN GENERAL.—The Secretary may  
25                                 make or guarantee loans to eligible entities de-

1           scribed in subparagraph (B) so that the eligible  
2           entities may relend the funds to individuals and  
3           entities for the purposes described in subpara-  
4           graph (C).

5           “(B) ELIGIBLE ENTITIES.—Entities eligi-  
6           ble for loans and loan guarantees described in  
7           subparagraph (A) are—

8                   “(i) public agencies;

9                   “(ii) Indian tribes;

10                  “(iii) cooperatives; and

11                  “(iv) nonprofit corporations.

12           “(C) ELIGIBLE PURPOSES.—The proceeds  
13           from loans made or guaranteed by the Sec-  
14           retary pursuant to subparagraph (A) may be  
15           relent by eligible entities for projects that—

16                   “(i) predominately serve communities  
17                   in rural areas; and

18                   “(ii) as determined by the Secretary—

19                           “(I) promote community develop-  
20                           ment;

21                           “(II) establish new businesses;

22                           “(III) establish and support  
23                           microlending programs; and

24                           “(IV) create or retain employ-  
25                           ment opportunities.

1           “(D) AUTHORIZATION OF APPROPRIA-  
2           TIONS.—There is authorized to be appropriated  
3           to carry out this subsection \$50,000,000 for  
4           each of fiscal years 2013 through 2017.

5           “(2) RURAL MICROENTREPRENEUR ASSISTANCE  
6           PROGRAM.—

7           “(A) DEFINITIONS.—In this paragraph:

8           “(i) MICROENTREPRENEUR.—The  
9           term ‘microentrepreneur’ means an owner  
10          and operator, or prospective owner and op-  
11          erator, of a rural microenterprise who is  
12          unable to obtain sufficient training, tech-  
13          nical assistance, or credit other than under  
14          this subsection, as determined by the Sec-  
15          retary.

16          “(ii) MICROENTERPRISE DEVELOP-  
17          MENT ORGANIZATION.—The term ‘micro-  
18          enterprise development organization’  
19          means an organization that is—

20                  “(I) a nonprofit entity;

21                  “(II) an Indian tribe, the tribal  
22                  government of which certifies to the  
23                  Secretary that—

1                   “(aa) no microenterprise de-  
2                   velopment organization serves the  
3                   Indian tribe; and

4                   “(bb) no rural microentre-  
5                   preneur assistance program ex-  
6                   ists under the jurisdiction of the  
7                   Indian tribe;

8                   “(III) a public institution of  
9                   higher education; or

10                  “(IV) a collaboration of rural  
11                  nonprofit entities serving a region or  
12                  State, if 1 lead nonprofit entity is the  
13                  sole underwriter of all loans and is re-  
14                  sponsible for associated risks.

15                  “(iii) MICROLOAN.—The term  
16                  ‘microloan’ means a business loan of not  
17                  more than \$50,000 that is provided to a  
18                  rural microenterprise.

19                  “(iv) PROGRAM.—The term ‘program’  
20                  means the rural microentrepreneur assist-  
21                  ance program established under subpara-  
22                  graph (B).

23                  “(v) RURAL MICROENTERPRISE.—The  
24                  term ‘rural microenterprise’ means a busi-  
25                  ness entity with not more than 10 full-time

1 equivalent employees located in a rural  
2 area.

3 “(vi) TRAINING.—The term ‘training’  
4 means teaching broad business principles  
5 or general business skills in a group or  
6 public setting.

7 “(vii) TECHNICAL ASSISTANCE.—The  
8 term ‘technical assistance’ means working  
9 with a business client in a 1-to-1 manner  
10 to provide business and financial manage-  
11 ment counseling, assist in the preparation  
12 of business or marketing plans, or provide  
13 other skills tailored to an individual micro-  
14 entrepreneur.

15 “(B) RURAL MICROENTREPRENEUR AS-  
16 SISTANCE PROGRAM.—

17 “(i) ESTABLISHMENT.—The Secretary  
18 shall establish a rural microentrepreneur  
19 assistance program to provide loans and  
20 grants to support microentrepreneurs in  
21 the development and ongoing success of  
22 rural microenterprises.

23 “(ii) PURPOSE.—The purpose of the  
24 program is to provide microentrepreneurs  
25 with—

1                   “(I) the skills necessary to estab-  
2                   lish new rural microenterprises; and

3                   “(II) continuing technical and fi-  
4                   nancial assistance related to the suc-  
5                   cessful operation of rural microenter-  
6                   prises.

7                   “(iii) LOANS.—

8                   “(I) IN GENERAL.—The Sec-  
9                   retary shall make loans to microenter-  
10                  prise development organizations for  
11                  the purpose of providing fixed-interest  
12                  rate microloans to microentrepreneurs  
13                  for startup and growing rural micro-  
14                  enterprises.

15                  “(II) LOAN TERMS.—A loan  
16                  made by the Secretary to a microen-  
17                  terprise development organization  
18                  under this subparagraph shall—

19                         “(aa) be for a term not to  
20                         exceed 20 years; and

21                         “(bb) bear an annual inter-  
22                         est rate of at least 1 percent.

23                  “(III) LOAN LOSS RESERVE  
24                  FUND.—The Secretary shall require  
25                  each microenterprise development or-

1 organization that receives a loan under  
2 this subparagraph to—

3 “(aa) establish a loan loss  
4 reserve fund; and

5 “(bb) maintain the reserve  
6 fund in an amount equal to at  
7 least 5 percent of the outstanding  
8 balance of such loans owed by  
9 the microenterprise development  
10 organization, until all obligations  
11 owed to the Secretary under this  
12 subparagraph are repaid.

13 “(IV) DEFERRAL OF INTEREST  
14 AND PRINCIPAL.—The Secretary may  
15 permit the deferral of payments on  
16 principal and interest due on a loan to  
17 a microenterprise development organi-  
18 zation made under this paragraph for  
19 a 2-year period beginning on the date  
20 on which the loan is made.

21 “(iv) GRANTS TO SUPPORT RURAL MI-  
22 CROENTERPRISE DEVELOPMENT.—

23 “(I) IN GENERAL.—The Sec-  
24 retary shall make grants to microen-  
25 terprise development organizations—

600

1           “(aa) to provide training  
2           and technical assistance, and  
3           other related services to rural  
4           microentrepreneurs; and

5           “(bb) to carry out such  
6           other projects and activities as  
7           the Secretary determines appro-  
8           priate to further the purposes of  
9           the program.

10          “(II) SELECTION.—In making  
11          grants under subclause (I), the Sec-  
12          retary shall—

13               “(aa) place an emphasis on  
14               microenterprise development or-  
15               ganizations that serve micro-  
16               entrepreneurs that are located in  
17               rural areas that have suffered  
18               significant outward migration, as  
19               determined by the Secretary; and

20               “(bb) ensure, to the max-  
21               imum extent practicable, that  
22               grant recipients include microen-  
23               terprise development organiza-  
24               tions of varying sizes and that

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1                   serve racially and ethnically di-  
2                   verse populations.

3                   “(v) GRANTS TO ASSIST MICROENTRE-  
4                   PRENEURS.—

5                   “(I) IN GENERAL.—The Sec-  
6                   retary shall make grants to microen-  
7                   terprise development organizations to  
8                   provide technical assistance to micro-  
9                   entrepreneurs that—

10                   “(aa) received a loan from  
11                   the microenterprise development  
12                   organization under subparagraph  
13                   (B)(iii); or

14                   “(bb) are seeking a loan  
15                   from the microenterprise develop-  
16                   ment organization under sub-  
17                   paragraph (B)(iii).

18                   “(II) MAXIMUM AMOUNT OF  
19                   TECHNICAL ASSISTANCE GRANT.—A  
20                   microenterprise development organiza-  
21                   tion shall be eligible to receive an an-  
22                   nual grant under this clause in an  
23                   amount equal to not more than 25  
24                   percent of the total outstanding bal-  
25                   ance of microloans made by the micro-

1 enterprise development organization  
2 under clause (iii), as of the date the  
3 grant is awarded.

4 “(vi) ADMINISTRATIVE EXPENSES.—  
5 Not more than 10 percent of a grant re-  
6 ceived by a microenterprise development  
7 organization for a fiscal year under this  
8 subparagraph may be used to pay adminis-  
9 trative expenses.

10 “(C) ADMINISTRATION.—

11 “(i) MATCHING REQUIREMENT.—As a  
12 condition of any grant made under clauses  
13 (iv) and (v) of subparagraph (B), the Sec-  
14 retary shall require the microenterprise de-  
15 velopment organization to match not less  
16 than 15 percent of the total amount of the  
17 grant in the form of matching funds (in-  
18 cluding community development block  
19 grants), indirect costs, or in-kind goods or  
20 services.

21 “(ii) OVERSIGHT.—At a minimum,  
22 not later than December 1 of each fiscal  
23 year, a microenterprise development orga-  
24 nization that receives a loan or grant  
25 under this section shall provide to the Sec-

1           retary such information as the Secretary  
2           may require to ensure that assistance pro-  
3           vided under this section is used for the  
4           purposes for which the loan or grant was  
5           made.

6           “(D) AUTHORIZATION OF APPROPRIA-  
7           TIONS.—There is authorized to be appropriated  
8           to carry out this paragraph \$40,000,000 for  
9           each of fiscal years 2013 through 2017.

10 **“SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.**

11       “(a) DEFINITIONS.—In this section:

12           “(1) ARTICLES.—The term ‘articles’ means ar-  
13           ticles of incorporation for an incorporated body or  
14           the functional equivalent or other similar documents  
15           specified by the Secretary for other business entities.

16           “(2) DEVELOPMENTAL VENTURE CAPITAL.—  
17           The term ‘developmental venture capital’ means cap-  
18           ital in the form of equity capital investments in rural  
19           business investment companies with an objective of  
20           fostering economic development in rural areas.

21           “(3) EMPLOYEE WELFARE BENEFIT PLAN;  
22           PENSION PLAN.—

23           “(A) IN GENERAL.—The terms ‘employee  
24           welfare benefit plan’ and ‘pension plan’ have  
25           the meanings given the terms in section 3 of

1           the Employee Retirement Income Security Act  
2           of 1974 (29 U.S.C. 1002).

3           “(B) INCLUSIONS.—The terms ‘employee  
4           welfare benefit plan’ and ‘pension plan’ in-  
5           clude—

6                   “(i) public and private pension or re-  
7                   tirement plans subject to this subtitle; and

8                   “(ii) similar plans not covered by this  
9                   subtitle that have been established, and  
10                  that are maintained, by the Federal Gov-  
11                  ernment or any State (including by a polit-  
12                  ical subdivision, agency, or instrumentality  
13                  of the Federal Government or a State) for  
14                  the benefit of employees.

15           “(4) EQUITY CAPITAL.—The term ‘equity cap-  
16           ital’ means common or preferred stock or a similar  
17           instrument, including subordinated debt with equity  
18           features.

19           “(5) LEVERAGE.—The term ‘leverage’ in-  
20           cludes—

21                   “(A) debentures purchased or guaranteed  
22                   by the Secretary;

23                   “(B) participating securities purchased or  
24                   guaranteed by the Secretary; and

1           “(C) preferred securities outstanding as of  
2           the date of enactment of the Agriculture Re-  
3           form, Food, and Jobs Act of 2012.

4           “(6) LICENSE.—The term ‘license’ means a li-  
5           cense issued by the Secretary in accordance with in  
6           subsection (d)(5).

7           “(7) LIMITED LIABILITY COMPANY.—The term  
8           ‘limited liability company’ means a business entity  
9           that is organized and operating in accordance with  
10          a State limited liability company law approved by  
11          the Secretary.

12          “(8) MEMBER.—The term ‘member’ means,  
13          with respect to a rural business investment company  
14          that is a limited liability company, a holder of an  
15          ownership interest, or a person otherwise admitted  
16          to membership in the limited liability company.

17          “(9) OPERATIONAL ASSISTANCE.—The term  
18          ‘operational assistance’ means management, mar-  
19          keting, and other technical assistance that assists a  
20          rural business concern with business development.

21          “(10) PARTICIPATION AGREEMENT.—The term  
22          ‘participation agreement’ means an agreement, be-  
23          tween the Secretary and a rural business investment  
24          company granted final approval under subsection  
25          (d)(5), that requires the rural business investment



1                   “(B) EXCLUSIONS.—The term ‘private  
2                   capital’ does not include—

3                   “(i) any funds borrowed by a rural  
4                   business investment company from any  
5                   source;

6                   “(ii) any funds obtained through the  
7                   issuance of leverage; or

8                   “(iii) any funds obtained directly or  
9                   indirectly from the Federal Government or  
10                  any State (including by a political subdivi-  
11                  sion, agency, or instrumentality of the  
12                  Federal Government or a State), except  
13                  for—

14                  “(I) funds obtained from the  
15                  business revenues (excluding any gov-  
16                  ernmental appropriation) of any Fed-  
17                  erally chartered or government-spon-  
18                  sored enterprise established prior to  
19                  the date of enactment of the Agri-  
20                  culture Reform, Food, and Jobs Act  
21                  of 2012;

22                  “(II) funds invested by an em-  
23                  ployee welfare benefit plan or pension  
24                  plan; and

1                   “(III) any qualified nonprivate  
2                   funds (if the investors of the qualified  
3                   nonprivate funds do not control, di-  
4                   rectly or indirectly, the management,  
5                   board of directors, general partners,  
6                   or members of the rural business in-  
7                   vestment company).

8                   “(12) QUALIFIED NONPRIVATE FUNDS.—The  
9                   term ‘qualified nonprivate funds’ means any—

10                   “(A) funds directly or indirectly invested in  
11                   any applicant or rural business investment com-  
12                   pany on or before the date of enactment of the  
13                   Agriculture Reform, Food, and Jobs Act of  
14                   2012 by any Federal agency, other than the  
15                   Department, under a provision of law explicitly  
16                   mandating the inclusion of those funds in the  
17                   definition of the term ‘private capital’; and

18                   “(B) funds invested in any applicant or  
19                   rural business investment company by 1 or  
20                   more entities of any State (including by a polit-  
21                   ical subdivision, agency, or instrumentality of  
22                   the State and including any guarantee extended  
23                   by those entities) in an aggregate amount that  
24                   does not exceed 33 percent of the private cap-

1           ital of the applicant or rural business invest-  
2           ment company.

3           “(13) RURAL BUSINESS CONCERN.—The term  
4           ‘rural business concern’ means—

5                   “(A) a public, private, or cooperative for-  
6                   profit or nonprofit organization;

7                   “(B) a for-profit or nonprofit business con-  
8                   trolled by an Indian tribe on a Federal or State  
9                   reservation or other Federally recognized Indian  
10                  tribal group; or

11                  “(C) any other person or entity that pri-  
12                  marily operates in a rural area, as determined  
13                  by the Secretary.

14           “(14) RURAL BUSINESS INVESTMENT COM-  
15           PANY.—The term ‘rural business investment com-  
16           pany’ means a company that—

17                   “(A) has been granted final approval by  
18                   the Secretary under subsection (d)(5); and

19                   “(B) has entered into a participation  
20                   agreement with the Secretary.

21           “(15) SMALLER ENTERPRISE.—

22                   “(A) IN GENERAL.—The term ‘smaller en-  
23                   terprise’ means any rural business concern that,  
24                   together with its affiliates—

25                           “(i) has—

1                   “(I) a net financial worth of not  
2                   more than \$6,000,000, as of the date  
3                   on which assistance is provided under  
4                   this section to the rural business con-  
5                   cern; and

6                   “(II) except as provided in sub-  
7                   paragraph (B), an average net income  
8                   for the 2-year period preceding the  
9                   date on which assistance is provided  
10                  under this section to the rural busi-  
11                  ness concern, of not more than  
12                  \$2,000,000, after Federal income  
13                  taxes (excluding any carryover losses);  
14                  or

15                  “(ii) satisfies the standard industrial  
16                  classification size standards established by  
17                  the Administrator of the Small Business  
18                  Administration for the industry in which  
19                  the rural business concern is primarily en-  
20                  gaged.

21                  “(B) EXCEPTION.—For purposes of sub-  
22                  paragraph (A)(i)(II), if the rural business con-  
23                  cern is not required by law to pay Federal in-  
24                  come taxes at the enterprise level, but is re-  
25                  quired to pass income through to the share-

1 holders, partners, beneficiaries, or other equi-  
2 table owners of the business concern, the net in-  
3 come of the business concern shall be deter-  
4 mined by allowing a deduction in an amount  
5 equal to the total of—

6 “(i) if the rural business concern is  
7 not required by law to pay State (and  
8 local, if any) income taxes at the enterprise  
9 level, the product obtained by multi-  
10 plying—

11 “(I) the net income (determined  
12 without regard to this subparagraph);  
13 by

14 “(II) the marginal State income  
15 tax rate (or by the combined State  
16 and local income tax rates, as applica-  
17 ble) that would have applied if the  
18 business concern were a corporation;  
19 and

20 “(ii) the product obtained by multi-  
21 plying—

22 “(I) the net income (so deter-  
23 mined) less any deduction for State  
24 (and local) income taxes calculated  
25 under clause (i); by



1           “(C) to make grants to rural business in-  
2           vestment companies, and to other entities, for  
3           the purpose of providing operational assistance  
4           to smaller enterprises financed, or expected to  
5           be financed, by rural business investment com-  
6           panies.

7           “(c) ESTABLISHMENT.—In accordance with this sub-  
8           title, the Secretary shall establish a Rural Business Invest-  
9           ment Program, under which the Secretary may—

10           “(1) enter into participation agreements with  
11           companies granted final approval under subsection  
12           (d)(5) for the purposes described in subsection (b);

13           “(2) guarantee the debentures issued by rural  
14           business investment companies as provided in sub-  
15           section (e); and

16           “(3) make grants to rural business investment  
17           companies, and to other entities, under subsection  
18           (h).

19           “(d) SELECTION OF RURAL BUSINESS INVESTMENT  
20           COMPANIES.—

21           “(1) ELIGIBILITY.—A company shall be eligible  
22           to apply to participate, as a rural business invest-  
23           ment company, in the program established under  
24           this section if—

1           “(A) the company is a newly formed for-  
2 profit entity or a newly formed for-profit sub-  
3 sidiary of such an entity;

4           “(B) the company has a management team  
5 with experience in community development fi-  
6 nancing or relevant venture capital financing;  
7 and

8           “(C) the company will invest in enterprises  
9 that will create wealth and job opportunities in  
10 rural areas, with an emphasis on smaller enter-  
11 prises.

12           “(2) APPLICATION.—To participate, as a rural  
13 business investment company, in the program estab-  
14 lished under this section, a company meeting the eli-  
15 gibility requirements of paragraph (1) shall submit  
16 an application to the Secretary that includes—

17           “(A) a business plan describing how the  
18 company intends to make successful develop-  
19 mental venture capital investments in identified  
20 rural areas;

21           “(B) information regarding the community  
22 development finance or relevant venture capital  
23 qualifications and general reputation of the  
24 management of the company;

1           “(C) a description of how the company in-  
2 tends to work with community-based organiza-  
3 tions and local entities (including local economic  
4 development companies, local lenders, and local  
5 investors) and to seek to address the unmet eq-  
6 uity capital needs of the communities served;

7           “(D) a proposal describing how the com-  
8 pany intends to use the grant funds provided  
9 under this section to provide operational assist-  
10 ance to smaller enterprises financed by the  
11 company, including information regarding  
12 whether the company intends to use licensed  
13 professionals, as necessary, on the staff of the  
14 company or from an outside entity;

15           “(E) with respect to binding commitments  
16 to be made to the company under this section,  
17 an estimate of the ratio of cash to in-kind con-  
18 tributions;

19           “(F) a description of the criteria to be  
20 used to evaluate whether and to what extent the  
21 company meets the purposes of the program es-  
22 tablished under this section;

23           “(G) information regarding the manage-  
24 ment and financial strength of any parent firm,  
25 affiliated firm, or any other firm essential to

1 the success of the business plan of the com-  
2 pany; and

3 “(H) such other information as the Sec-  
4 retary may require.

5 “(3) STATUS.—Not later than 90 days after the  
6 initial receipt by the Secretary of an application  
7 under this subsection, the Secretary shall provide to  
8 the applicant a written report describing the status  
9 of the application and any requirements remaining  
10 for completion of the application.

11 “(4) MATTERS CONSIDERED.—In reviewing and  
12 processing any application under this subsection, the  
13 Secretary shall—

14 “(A) determine whether—

15 “(i) the applicant meets the require-  
16 ments of paragraph (5); and

17 “(ii) the management of the applicant  
18 is qualified and has the knowledge, experi-  
19 ence, and capability necessary to comply  
20 with this section;

21 “(B) take into consideration—

22 “(i) the need for and availability of fi-  
23 nancing for rural business concerns in the  
24 geographic area in which the applicant is  
25 to commence business;

1                   “(ii) the general business reputation  
2                   of the owners and management of the ap-  
3                   plicant; and

4                   “(iii) the probability of successful op-  
5                   erations of the applicant, including ade-  
6                   quate profitability and financial soundness;  
7                   and

8                   “(C) not take into consideration any pro-  
9                   jected shortage or unavailability of grant funds  
10                  or leverage.

11                  “(5) APPROVAL; LICENSE.—

12                  “(A) IN GENERAL.—Except as provided in  
13                  subparagraph (B), the Secretary may approve  
14                  an applicant to operate as a rural business in-  
15                  vestment company under this subtitle and li-  
16                  cense the applicant as a rural business invest-  
17                  ment company, if—

18                         “(i) the Secretary determines that the  
19                         application satisfies the requirements of  
20                         paragraph (2);

21                         “(ii) the area in which the rural busi-  
22                         ness investment company is to conduct its  
23                         operations, and establishment of branch of-  
24                         fices or agencies (if authorized by the arti-  
25                         cles), are approved by the Secretary; and

1                   “(iii) the applicant enters into a par-  
2                   ticipation agreement with the Secretary.

3                   “(B) CAPITAL REQUIREMENTS.—

4                   “(i) IN GENERAL.—Notwithstanding  
5                   any other provision of this section, the Sec-  
6                   retary may approve an applicant to operate  
7                   as a rural business investment company  
8                   under this section and designate the appli-  
9                   cant as a rural business investment com-  
10                  pany, if the Secretary determines that the  
11                  applicant—

12                   “(I) has private capital as deter-  
13                   mined by the Secretary;

14                   “(II) would otherwise be ap-  
15                   proved under this section, except that  
16                   the applicant does not satisfy the re-  
17                   quirements of subsection (i)(3); and

18                   “(III) has a viable business plan  
19                   that—

20                   “(aa) reasonably projects  
21                   profitable operations; and

22                   “(bb) has a reasonable time-  
23                   table for achieving a level of pri-  
24                   vate capital that satisfies the re-  
25                   quirements of subsection (i)(3).

1                   “(ii) LEVERAGE.—An applicant ap-  
2                   proved under clause (i) shall not be eligible  
3                   to receive leverage under this section until  
4                   the applicant satisfies the requirements of  
5                   section 3602(i)(3).

6                   “(iii) GRANTS.—An applicant ap-  
7                   proved under clause (i) shall be eligible for  
8                   grants under subsection (h) in proportion  
9                   to the private capital of the applicant, as  
10                  determined by the Secretary.

11               “(e) DEBENTURES.—

12                   “(1) IN GENERAL.—The Secretary may guar-  
13                  antee the timely payment of principal and interest,  
14                  as scheduled, on debentures issued by any rural  
15                  business investment company.

16                   “(2) TERMS AND CONDITIONS.—The Secretary  
17                  may make guarantees under this subsection on such  
18                  terms and conditions as the Secretary considers ap-  
19                  propriate, except that the term of any debenture  
20                  guaranteed under this section shall not exceed 15  
21                  years.

22                   “(3) FULL FAITH AND CREDIT OF THE UNITED  
23                  STATES.—Section 3901 shall apply to any guarantee  
24                  under this subsection.

1           “(4) MAXIMUM GUARANTEE.—Under this sub-  
2           section, the Secretary may—

3                   “(A) guarantee the debentures issued by a  
4                   rural business investment company only to the  
5                   extent that the total face amount of out-  
6                   standing guaranteed debentures of the rural  
7                   business investment company does not exceed  
8                   the lesser of—

9                           “(i) 300 percent of the private capital  
10                           of the rural business investment company;  
11                           or

12                           “(ii) \$105,000,000; and

13                   “(B) provide for the use of discounted de-  
14                   bentures.

15           “(f) ISSUANCE AND GUARANTEE OF TRUST CERTIFI-  
16           CATES.—

17                   “(1) ISSUANCE.—The Secretary may issue trust  
18                   certificates representing ownership of all or a frac-  
19                   tional part of debentures issued by a rural business  
20                   investment company and guaranteed by the Sec-  
21                   retary under this section, if the certificates are  
22                   based on and backed by a trust or pool approved by  
23                   the Secretary and composed solely of guaranteed de-  
24                   bentures.

25                   “(2) GUARANTEE.—



1                   cipal and interest the prepaid debenture  
2                   represents in the trust or pool.

3                   “(ii) INTEREST.—Interest on prepaid  
4                   or defaulted debentures shall accrue and be  
5                   guaranteed by the Secretary only through  
6                   the date of payment of the guarantee.

7                   “(iii) REDEMPTION.—At any time  
8                   during the term of a trust certificate, the  
9                   trust certificate may be called for redemp-  
10                  tion due to prepayment or default of all  
11                  debentures.

12                  “(3) FULL FAITH AND CREDIT OF THE UNITED  
13                  STATES.—Section 3901 shall apply to any guarantee  
14                  of a trust certificate issued by the Secretary under  
15                  this section.

16                  “(4) SUBROGATION AND OWNERSHIP RIGHTS.—  
17                  “(A) SUBROGATION.—If the Secretary  
18                  pays a claim under a guarantee issued under  
19                  this section, the claim shall be subrogated fully  
20                  to the rights satisfied by the payment.

21                  “(B) OWNERSHIP RIGHTS.—No Federal,  
22                  State, or local law shall preclude or limit the ex-  
23                  ercise by the Secretary of the ownership rights  
24                  of the Secretary in a debenture residing in a

1 trust or pool against which 1 or more trust cer-  
2 tificates are issued under this subsection.

3 “(5) MANAGEMENT AND ADMINISTRATION.—

4 “(A) REGISTRATION.—The Secretary shall  
5 provide for a central registration of all trust  
6 certificates issued under this subsection.

7 “(B) CREATION OF POOLS.—The Secretary  
8 may—

9 “(i) maintain such commercial bank  
10 accounts or investments in obligations of  
11 the United States as may be necessary to  
12 facilitate the creation of trusts or pools  
13 backed by debentures guaranteed under  
14 this subtitle; and

15 “(ii) issue trust certificates to facili-  
16 tate the creation of those trusts or pools.

17 “(C) FIDELITY BOND OR INSURANCE RE-  
18 QUIREMENT.—Any agent performing functions  
19 on behalf of the Secretary under this paragraph  
20 shall provide a fidelity bond or insurance in  
21 such amount as the Secretary considers to be  
22 necessary to fully protect the interests of the  
23 United States.

24 “(D) REGULATION OF BROKERS AND  
25 DEALERS.—The Secretary may regulate brokers

1 and dealers in trust certificates issued under  
2 this subsection.

3 “(E) ELECTRONIC REGISTRATION.—Noth-  
4 ing in this paragraph prohibits the use of a  
5 book-entry or other electronic form of registra-  
6 tion for trust certificates issued under this sub-  
7 section.

8 “(g) FEES.—

9 “(1) IN GENERAL.—The Secretary may charge  
10 a fee that does not exceed \$500 with respect to any  
11 guarantee or grant issued under this section.

12 “(2) TRUST CERTIFICATE.—Notwithstanding  
13 paragraph (1), the Secretary shall not collect a fee  
14 for any guarantee of a trust certificate under sub-  
15 section (f), except that any agent of the Secretary  
16 may collect a fee that does not exceed \$500 for the  
17 functions described in subsection (f)(5)(B).

18 “(3) LICENSE.—

19 “(A) IN GENERAL.—Except as provided in  
20 subparagraph (C), the Secretary may prescribe  
21 fees to be paid by each applicant for a license  
22 to operate as a rural business investment com-  
23 pany under this section.

24 “(B) USE OF AMOUNTS.—Fees collected  
25 under this paragraph—

1                   “(i) shall be deposited in the account  
2                   for salaries and expenses of the Secretary;

3                   “(ii) are authorized to be appropriated  
4                   solely to cover the costs of licensing exami-  
5                   nations; and

6                   “(iii) shall—

7                   “(I) in the case of a license  
8                   issued before the date of enactment of  
9                   the Agriculture Reform, Food, and  
10                  Jobs Act of 2012, not exceed \$500 for  
11                  any fee collected under this para-  
12                  graph; and

13                  “(II) in the case of a license  
14                  issued after the date of enactment of  
15                  the Agriculture Reform, Food, and  
16                  Jobs Act of 2012, be a rate as deter-  
17                  mined by the Secretary.

18                  “(C) PROHIBITION ON COLLECTION OF  
19                  CERTAIN FEES.—In the case of a license de-  
20                  scribed in subparagraph (A) that was approved  
21                  before July 1, 2007, the Secretary shall not col-  
22                  lect any fees due on or after the date of enact-  
23                  ment of the Agriculture Reform, Food, and  
24                  Jobs Act of 2012.

25                  “(h) OPERATIONAL ASSISTANCE GRANTS.—

1           “(1) IN GENERAL.—In accordance with this  
2 subsection, the Secretary may make grants to rural  
3 business investment companies and to other entities,  
4 as authorized by this section, to provide operational  
5 assistance to smaller enterprises financed, or ex-  
6 pected to be financed, by the entities.

7           “(2) TERMS.—Grants made under this sub-  
8 section shall be made over a multiyear period (not  
9 to exceed 10 years) under such terms as the Sec-  
10 retary may require.

11           “(3) USE OF FUNDS.—The proceeds of a grant  
12 made under this subsection may be used by the rural  
13 business investment company receiving the grant  
14 only to provide operational assistance in connection  
15 with an equity or prospective equity investment in a  
16 business located in a rural area.

17           “(4) SUBMISSION OF PLANS.—A rural business  
18 investment company shall be eligible for a grant  
19 under this subsection only if the rural business in-  
20 vestment company submits to the Secretary, in such  
21 form and manner as the Secretary may require, a  
22 plan for use of the grant.

23           “(5) GRANT AMOUNT.—

24           “(A) RURAL BUSINESS INVESTMENT COM-  
25 PANIES.—The amount of a grant made under

1           this subsection to a rural business investment  
2           company shall be equal to the lesser of—

3                   “(i) 10 percent of the private capital  
4                   raised by the rural business investment  
5                   company; or

6                   “(ii) \$1,000,000.

7           “(6) OTHER ENTITIES.—The amount of a  
8           grant made under this subsection to any entity other  
9           than a rural business investment company shall be  
10          equal to the resources (in cash or in kind) raised by  
11          the entity in accordance with the requirements appli-  
12          cable to rural business investment companies under  
13          this section.

14          “(i) RURAL BUSINESS INVESTMENT COMPANIES.—

15                  “(1) ORGANIZATION.—For purposes of this  
16          subsection, a rural business investment company  
17          shall—

18                          “(A) be an incorporated body, a limited li-  
19                          ability company, or a limited partnership orga-  
20                          nized and chartered or otherwise existing under  
21                          State law solely for the purpose of performing  
22                          the functions and conducting the activities au-  
23                          thorized by this section; and

24                          “(B)(i) if incorporated, have succession for  
25                          a period of not less than 30 years unless earlier

1 dissolved by the shareholders of the rural busi-  
2 ness investment company; and

3 “(ii) if a limited partnership or a limited li-  
4 ability company, have succession for a period of  
5 not less than 10 years; and

6 “(iii) possess the powers reasonably nec-  
7 essary to perform the functions and conduct the  
8 activities.

9 “(2) ARTICLES.—The articles of any rural busi-  
10 ness investment company—

11 “(A) shall specify in general terms—

12 “(i) the purposes for which the rural  
13 business investment company is formed;

14 “(ii) the name of the rural business  
15 investment company;

16 “(iii) the 1 or more areas in which the  
17 operations of the rural business investment  
18 company are to be carried out;

19 “(iv) the place where the principal of-  
20 fice of the rural business investment com-  
21 pany is to be located; and

22 “(v) the amount and classes of the  
23 shares of capital stock of the rural busi-  
24 ness investment company;

1           “(B) may contain any other provisions  
2 consistent with this section that the rural busi-  
3 ness investment company may determine appro-  
4 priate to adopt for the regulation of the busi-  
5 ness of the rural business investment company  
6 and the conduct of the affairs of the rural busi-  
7 ness investment company; and

8           “(C) shall be subject to the approval of the  
9 Secretary.

10           “(3) CAPITAL REQUIREMENTS.—

11           “(A) IN GENERAL.—Each rural business  
12 investment company shall be required to meet  
13 the capital requirements as provided by the Sec-  
14 retary.

15           “(B) TIME FRAME.—Each rural business  
16 investment company shall have a period of 2  
17 years to meet the capital requirements of this  
18 paragraph.

19           “(C) ADEQUACY.—In addition to the re-  
20 quirements of subparagraph (A), the Secretary  
21 shall—

22           “(i) determine whether the private  
23 capital of each rural business investment  
24 company is adequate to ensure a reason-  
25 able prospect that the rural business in-

1 investment company will be operated soundly  
2 and profitably, and managed actively and  
3 prudently in accordance with the articles of  
4 the rural business investment company;

5 “(ii) determine that the rural business  
6 investment company will be able to comply  
7 with the requirements of this section;

8 “(iii) require that at least 75 percent  
9 of the capital of each rural business invest-  
10 ment company is invested in rural business  
11 concerns;

12 “(iv) ensure that the rural business  
13 investment company is designed primarily  
14 to meet equity capital needs of the busi-  
15 nesses in which the rural business invest-  
16 ment company invests and not to compete  
17 with traditional small business financing  
18 by commercial lenders; and

19 “(v) require that the rural business  
20 investment company makes short-term  
21 non-equity investments of less than 5 years  
22 only to the extent necessary to preserve an  
23 existing investment.

24 “(4) DIVERSIFICATION OF OWNERSHIP.—The  
25 Secretary shall ensure that the management of each

1 rural business investment company licensed after the  
2 date of enactment of the Agriculture Reform, Food,  
3 and Jobs Act of 2012 is sufficiently diversified from  
4 and unaffiliated with the ownership of the rural  
5 business investment company so as to ensure inde-  
6 pendence and objectivity in the financial manage-  
7 ment and oversight of the investments and oper-  
8 ations of the rural business investment company.

9 “(j) FINANCIAL INSTITUTION INVESTMENTS.—

10 “(1) IN GENERAL.—Except as otherwise pro-  
11 vided in this subsection and notwithstanding any  
12 other provision of law, the following banks, associa-  
13 tions, and institutions are eligible both to establish  
14 and invest in any rural business investment company  
15 or in any entity established to invest solely in rural  
16 business investment companies:

17 “(A) Any bank or savings association the  
18 deposits of which are insured under the Federal  
19 Deposit Insurance Act (12 U.S.C. 1811 et  
20 seq.), including an investment pool created en-  
21 tirely by such bank or savings association.

22 “(B) Any Farm Credit System institution  
23 described in subsection 1.2(a) of the Farm  
24 Credit Act of 1971 (12 U.S.C. 2002(a)).

1           “(2) LIMITATION.—No bank, association, or in-  
2           stitution described in paragraph (1) may make in-  
3           vestments described in paragraph (1) that are great-  
4           er than 5 percent of the capital and surplus of the  
5           bank, association, or institution.

6           “(3) LIMITATION ON RURAL BUSINESS INVEST-  
7           MENT COMPANIES CONTROLLED BY FARM CREDIT  
8           SYSTEM INSTITUTIONS.—If a Farm Credit System  
9           institution described in section 1.2(a) of the Farm  
10          Credit Act of 1971 (12 U.S.C. 2002(a)) holds more  
11          than 25 percent of the shares of a rural business in-  
12          vestment company, either alone or in conjunction  
13          with other System institutions (or affiliates), the  
14          rural business investment company shall not provide  
15          equity investments in, or provide other financial as-  
16          sistance to, entities that are not otherwise eligible to  
17          receive financing from the Farm Credit System  
18          under that Act (12 U.S.C. 2001 et seq.).

19          “(k) EXAMINATIONS.—

20                 “(1) IN GENERAL.—Each rural business invest-  
21                 ment company that participates in the program es-  
22                 tablished under this section shall be subject to ex-  
23                 aminations made at the direction of the Secretary in  
24                 accordance with this subsection.

1           “(2) ASSISTANCE OF PRIVATE SECTOR ENTI-  
2           TIES.—An examination under this subsection may be  
3           conducted with the assistance of a private sector en-  
4           tity that has the qualifications and the expertise nec-  
5           essary to conduct such an examination.

6           “(3) COSTS.—

7           “(A) IN GENERAL.—The Secretary may  
8           assess the cost of an examination under this  
9           section, including compensation of the exam-  
10          iners, against the rural business investment  
11          company examined.

12          “(B) PAYMENT.—Any rural business in-  
13          vestment company against which the Secretary  
14          assesses costs under this subparagraph shall  
15          pay the costs.

16          “(4) DEPOSIT OF FUNDS.—Funds collected  
17          under this subsection shall—

18                 “(A) be deposited in the account that in-  
19                 curred the costs for carrying out this sub-  
20                 section;

21                 “(B) be made available to the Secretary to  
22                 carry out this subsection, without further ap-  
23                 propriation; and

24                 “(C) remain available until expended.

25          “(1) REPORTING REQUIREMENTS.—



1           have received from the Federal Govern-  
2           ment during the previous fiscal year;

3           “(iii) the aggregate number of each  
4           type of leveraged instruments used by  
5           rural business investment companies dur-  
6           ing the previous fiscal year and how each  
7           number compares to previous fiscal years;

8           “(iv) the number of rural business in-  
9           vestment company licenses surrendered  
10          and the number of rural business invest-  
11          ment companies placed in liquidation dur-  
12          ing the previous fiscal year, identifying the  
13          amount of leverage each rural business in-  
14          vestment company has received from the  
15          Federal Government and the type of lever-  
16          age instruments each rural business invest-  
17          ment company has used;

18          “(v) the amount of losses sustained by  
19          the Federal Government as a result of op-  
20          erations under this section during the pre-  
21          vious fiscal year and an estimate of the  
22          total losses that the Federal Government  
23          can reasonably expect to incur as a result  
24          of the operations during the current fiscal  
25          year;

1           “(vi) actions taken by the Secretary to  
2 maximize recoupment of funds of the Fed-  
3 eral Government expended to implement  
4 and administer the Rural Business Invest-  
5 ment Program under this section during  
6 the previous fiscal year and to ensure com-  
7 pliance with the requirements of this sec-  
8 tion (including regulations);

9           “(vii) the amount of Federal Govern-  
10 ment leverage that each licensee received  
11 in the previous fiscal year and the types of  
12 leverage instruments each licensee used;

13           “(viii) for each type of financing in-  
14 strument, the sizes, types of geographic lo-  
15 cations, and other characteristics of the  
16 small business investment companies using  
17 the instrument during the previous fiscal  
18 year, including the extent to which the in-  
19 vestment companies have used the leverage  
20 from each instrument to make loans or eq-  
21 uity investments in rural areas; and

22           “(ix) the actions of the Secretary to  
23 carry out this section

1           “(B) PROHIBITION.—In compiling the re-  
2           port required under subparagraph (A), the Sec-  
3           retary may not—

4                   “(i) compile the report in a manner  
5                   that permits identification of any par-  
6                   ticular type of investment by an individual  
7                   rural business investment company or  
8                   small business concern in which a rural  
9                   business investment company invests; or

10                   “(ii) release any information that is  
11                   prohibited under section 1905 of title 18,  
12                   United States Code.

13           “(m) AUTHORIZATION OF APPROPRIATIONS.—There  
14           is authorized to be appropriated to carry out this section  
15           \$25,000,000 for the period of fiscal years 2008 through  
16           2017.”.

17                   **“CHAPTER 3—GENERAL RURAL**  
18                   **DEVELOPMENT PROVISIONS**

19           **“SEC. 3701. GENERAL PROVISIONS FOR LOANS AND**  
20                   **GRANTS.**

21           “(a) PERIOD FOR REPAYMENT.—Unless otherwise  
22           specifically provided for in this subtitle, the period for re-  
23           payment of a loan under this subtitle shall not exceed 40  
24           years.

25           “(b) INTEREST RATES.—

1           “(1) IN GENERAL.—Except as otherwise pro-  
2           vided in this title, the interest rate on a loan under  
3           this subtitle shall be determined by the Secretary at  
4           a rate—

5                   “(A) not to exceed a sum obtained by add-  
6           ing—

7                           “(i) the current average market yield  
8                           on outstanding marketable obligations of  
9                           the United States with remaining periods  
10                          to maturity comparable to the average ma-  
11                          turity of the loan; and

12                           “(ii) an amount not to exceed 1 per-  
13                          cent, as determined by the Secretary; and

14                          “(B) adjusted to the nearest  $\frac{1}{8}$  of 1 per-  
15           cent.

16           “(2) WATER AND WASTE FACILITY LOANS AND  
17           COMMUNITY FACILITIES LOANS.—

18                   “(A) IN GENERAL.—Notwithstanding any  
19                   provision of State law limiting the rate or  
20                   amount of interest that may be charged, taken,  
21                   received, or reserved, except as provided in sub-  
22                   paragraph (C) and paragraph (5), the interest  
23                   rate on a loan (other than a guaranteed loan)  
24                   to a public body or nonprofit association (in-  
25                   cluding an Indian tribe) for a water or waste

1 disposal facility or essential community facility  
2 shall be determined by the Secretary at a rate  
3 not to exceed—

4 “(i) the current market yield on out-  
5 standing municipal obligations with re-  
6 maining periods to maturity comparable to  
7 the average maturity for the loan, and ad-  
8 justed to the nearest  $\frac{1}{8}$  of 1 percent;

9 “(ii) 5 percent per year for a loan  
10 that is for the upgrading of a facility or  
11 construction of a new facility as required  
12 to meet applicable health or sanitary  
13 standards in—

14 “(I) an area in which the median  
15 family income of the persons to be  
16 served by the facility is below the pov-  
17 erty line (as defined in section 673 of  
18 the Community Services Block Grant  
19 Act (42 U.S.C. 9902)); and

20 “(II) any areas the Secretary  
21 may designate in which a significant  
22 percentage of the persons to be served  
23 by the facilities are low income per-  
24 sons, as determined by the Secretary;  
25 and

1                   “(iii) 7 percent per year for a loan for  
2                   a facility that does not qualify for the 5  
3                   percent per year interest rate prescribed in  
4                   clause (ii) but that is located in an area in  
5                   a State in which the median household in-  
6                   come of the persons to be served by the fa-  
7                   cility does not exceed 100 percent of the  
8                   statewide nonmetropolitan median house-  
9                   hold income for the State.

10                   “(B) HEALTH CARE AND RELATED FACILI-  
11                   TIES.—Notwithstanding subparagraph (A), the  
12                   Secretary shall establish a rate for a loan for a  
13                   health care or related facility that is—

14                   “(i) based solely on the income of the  
15                   area to be served; and

16                   “(ii) otherwise consistent with sub-  
17                   paragraph (A).

18                   “(C) INTEREST RATES FOR WATER AND  
19                   WASTE DISPOSAL FACILITIES LOANS.—

20                   “(i) IN GENERAL.—Except as pro-  
21                   vided in clause (ii) and notwithstanding  
22                   subparagraph (A), in the case of a direct  
23                   loan for a water or waste disposal facil-  
24                   ity—

1                   “(I) in the case of a loan that  
2                   would be subject to the 5 percent in-  
3                   terest rate limitation under subpara-  
4                   graph (A), the Secretary shall estab-  
5                   lish the interest rate at a rate that is  
6                   equal to 60 percent of the current  
7                   market yield for outstanding munic-  
8                   ipal obligations with remaining peri-  
9                   ods to maturity comparable to the av-  
10                  erage maturity of the loan, adjusted  
11                  to the nearest  $\frac{1}{8}$  of 1 percent; and

12                  “(II) in the case of a loan that  
13                  would be subject to the 7 percent limi-  
14                  tation under subparagraph (A), the  
15                  Secretary shall establish the interest  
16                  rate at a rate that is equal to 80 per-  
17                  cent of the current market yield for  
18                  outstanding municipal obligations  
19                  with remaining periods to maturity  
20                  comparable to the average maturity of  
21                  the loan, adjusted to the nearest  $\frac{1}{8}$  of  
22                  1 percent.

23                  “(ii) EXCEPTION.—Clause (i) does not  
24                  apply to a loan for a specific project that  
25                  is the subject of a loan that has been ap-

1           proved, but not closed, as of the date of  
2           enactment of the Agriculture Reform,  
3           Food, and Jobs Act of 2012.

4           “(3) INTEREST RATES ON BUSINESS AND  
5 OTHER LOANS.—

6           “(A) IN GENERAL.—Except as provided in  
7           paragraph (4), the interest rates on loans under  
8           sections 3501(a)(1) (other than guaranteed  
9           loans and loans as described in paragraph  
10          (2)(A)) shall be as determined by the Secretary  
11          in accordance with subparagraph (B).

12          “(B) MINIMUM RATE.—The interest rates  
13          described in subparagraph (A) shall be not less  
14          than the sum obtained by adding—

15                 “(i) such rates as determined by the  
16                 Secretary of the Treasury taking into con-  
17                 sideration the current average market yield  
18                 on outstanding marketable obligations of  
19                 the United States with remaining periods  
20                 to maturity comparable to the average ma-  
21                 turities of such loans, adjusted in the judg-  
22                 ment of the Secretary of the Treasury to  
23                 provide for rates comparable to the rates  
24                 prevailing in the private market for similar

1 loans and considering the insurance by the  
2 Secretary of the loans; and

3 “(ii) an additional charge, prescribed  
4 by the Secretary, to cover the losses of the  
5 Secretary and cost of administration,  
6 which shall be deposited in the Rural De-  
7 velopment Insurance Fund, and further  
8 adjusted to the nearest  $\frac{1}{8}$  of 1 percent.

9 “(4) INTEREST RATES ADJUSTMENTS.—

10 “(A) ADJUSTMENTS.—Notwithstanding  
11 any other provision of this subsection, in the  
12 case of loans (other than guaranteed loans)  
13 made or guaranteed under the authorities of  
14 this title specified in subparagraph (C) for ac-  
15 tivities that involve the use of prime farmland,  
16 the interest rates shall be the interest rates oth-  
17 erwise applicable under this section increased  
18 by 2 percent per year.

19 “(B) PRIME FARMLAND.—

20 “(i) IN GENERAL.—Wherever prac-  
21 ticable, construction by a State, munici-  
22 pality, or other political subdivision of local  
23 government that is supported by loans de-  
24 scribed in subparagraph (A) shall be  
25 placed on land that is not prime farmland,

1 in order to preserve the maximum prac-  
2 ticable quantity of prime farmlands for  
3 production of food and fiber.

4 “(ii) INCREASED RATE.—In any case  
5 in which other options exist for the siting  
6 of construction described in clause (i) and  
7 the governmental authority still desires to  
8 carry out the construction on prime farm-  
9 land, the 2-percent interest rate increase  
10 provided by this paragraph shall apply, but  
11 that increased interest rate shall not apply  
12 where such other options do not exist.

13 “(C) APPLICABLE AUTHORITIES.—The au-  
14 thorities referred to in subparagraph (A) are—

15 “(i) the provisions of section 3502(a)  
16 relating to loans for recreational develop-  
17 ments and essential community facilities;

18 “(ii) section 3601(e)(2)(A); and

19 “(iii) section 3601(c).

20 “(c) PAYMENT OF CHARGES.—A borrower of a loan  
21 made or guaranteed under this subtitle shall pay such fees  
22 and other charges as the Secretary may require, and pre-  
23 pay to the Secretary such taxes and insurance as the Sec-  
24 retary may require, on such terms and conditions as the  
25 Secretary may prescribe.

1       “(d) SECURITY.—

2               “(1) IN GENERAL.—The Secretary shall take as  
3 security for an obligation entered into in connection  
4 with a loan made under this subtitle such security  
5 as the Secretary may require.

6               “(2) LIENS TO UNITED STATES.—An instru-  
7 ment for security under paragraph (1) may con-  
8 stitute a lien running to the United States notwith-  
9 standing the fact that the note for the security may  
10 be held by a lender other than the United States.

11              “(3) MULTIPLE LOANS.—A borrower may use  
12 the same collateral to secure 2 or more loans made  
13 or guaranteed under this subtitle, except that the  
14 outstanding amount of the loans may not exceed the  
15 total value of the collateral.

16              “(e) LEGAL COUNSEL FOR SMALL LOANS.—In the  
17 case of a loan of less than \$500,000 made or guaranteed  
18 under section 3501 that is evidenced by a note or mort-  
19 gage (as distinguished from a bond issue), the borrower  
20 shall not be required to appoint bond counsel to review  
21 the legal validity of the loan if the Secretary has available  
22 legal counsel to perform the review.

1 **“SEC. 3702. STRATEGIC ECONOMIC AND COMMUNITY DE-**  
2 **VELOPMENT.**

3 “(a) PRIORITY.—In the case of any rural develop-  
4 ment program authorized by this subtitle, the Secretary  
5 may give priority to applications that are otherwise eligible  
6 and support strategic community and economic develop-  
7 ment plans on a multijurisdictional basis, as approved by  
8 the Secretary.

9 “(b) EVALUATION.—In evaluating strategic applica-  
10 tions, the Secretary shall give a higher priority to strategic  
11 applications for a plan described in subsection (a) that  
12 demonstrate—

13 “(1) the plan was developed through the col-  
14 laboration of multiple stakeholders in the service  
15 area of the plan, including the participation of com-  
16 binations of stakeholders such as State, local, and  
17 tribal governments, nonprofit institutions, institu-  
18 tions of higher education, and private entities;

19 “(2) an understanding of the applicable re-  
20 gional resources that could support the plan, includ-  
21 ing natural resources, human resources, infrastruc-  
22 ture, and financial resources;

23 “(3) investment from other Federal agencies;

24 “(4) investment from philanthropic organiza-  
25 tions; and

1           “(5) clear objectives for the plan and the ability  
2           to establish measurable performance measures and  
3           to track progress toward meeting the objectives.

4   **“SEC. 3703. GUARANTEED RURAL DEVELOPMENT LOANS.**

5           “(a) IN GENERAL.—The Secretary may provide fi-  
6           nancial assistance to a borrower for a purpose provided  
7           in this subtitle by guaranteeing a loan made by any Fed-  
8           eral or State chartered bank, savings and loan association,  
9           cooperative lending agency, or other legally organized  
10          lending agency.

11          “(b) INTEREST RATE.—The interest rate payable by  
12          a borrower on the portion of a guaranteed loan that is  
13          sold by a lender to the secondary market under this sub-  
14          title may be lower than the interest rate charged on the  
15          portion retained by the lender.

16          “(c) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-  
17          cept as provided in subsections (d) and (e), a loan guar-  
18          antee under this subtitle shall be for not more than 90  
19          percent of the principal and interest due on the loan.

20          “(d) REFINANCED LOANS GUARANTEED AT 95 PER-  
21          CENT.—The Secretary shall guarantee 95 percent of—

22                  “(1) in the case of a loan that solely refinances  
23                  a direct loan made under this subtitle, the principal  
24                  and interest due on the loan on the date of the refi-  
25                  nancing; or

1           “(2) in the case of a loan that is used for mul-  
2           tiple purposes, the portion of the loan that refi-  
3           nances the principal and interest due on a direct  
4           loan made under this subtitle that is outstanding on  
5           the date on which the loan is guaranteed.

6           “(e) RISK OF LOSS.—

7           “(1) IN GENERAL.—Subject to subsection (b),  
8           the Secretary may not make a loan under section  
9           3501 or 3601 unless the Secretary determines that  
10          no other lender is willing to make the loan and as-  
11          sume 10 percent of the potential loss to be sustained  
12          from the loan.

13          “(2) EXCEPTION FOR NONPROFIT GROUPS.—  
14          Paragraph (1) shall not apply to a public body or  
15          nonprofit association, including an Indian tribe.

16   **“SEC. 3704. RURAL DEVELOPMENT INSURANCE FUND.**

17          “(a) DEFINITION OF RURAL DEVELOPMENT  
18          LOAN.—In this section, the term ‘rural development loan’  
19          means a loan provided for by section 3501 or 3601.

20          “(b) ESTABLISHMENT.—There is established in the  
21          Treasury of the United States a fund to be known as the  
22          ‘Rural Development Insurance Fund’ that shall be used  
23          by the Secretary to discharge the obligations of the Sec-  
24          retary under contracts making or guaranteeing rural de-  
25          velopment loans.

1 **“SEC. 3705. RURAL ECONOMIC AREA PARTNERSHIP ZONES.**

2 “(a) IN GENERAL.—The Secretary may designate ad-  
3 ditional areas as rural economic area partnership zones  
4 to be assisted under this chapter—

5 “(1) through an open, competitive process; and

6 “(2) with priority given to rural areas—

7 “(A) with excessive unemployment or  
8 underemployment, a high percentage of low-in-  
9 come residents, or high rates of outmigration,  
10 as determined by the Secretary; and

11 “(B) that the Secretary determines have a  
12 substantial need for assistance.

13 “(b) REQUIREMENTS.—The Secretary shall carry out  
14 those rural economic area partnership zones administra-  
15 tively in effect on the date of enactment of the Agriculture  
16 Reform, Food, and Jobs Act of 2012 in accordance with  
17 the terms and conditions contained in the memoranda of  
18 agreement entered into by the Secretary for the rural eco-  
19 nomic area partnership zones.

20 **“SEC. 3706. STREAMLINING APPLICATIONS AND IMPROV-  
21 ING ACCESSIBILITY OF RURAL DEVELOP-  
22 MENT PROGRAMS.**

23 “The Secretary shall expedite the process of creating  
24 user-friendly and accessible application forms and proce-  
25 dures prioritizing programs and applications at the indi-  
26 vidual level with an emphasis on utilizing current tech-

1 nology including online applications and submission proc-  
2 esses.

3 **“CHAPTER 4—DELTA REGIONAL**  
4 **AUTHORITY**

5 **“SEC. 3801. DEFINITIONS.**

6 “In this chapter:

7 “(1) **AUTHORITY.**—The term ‘Authority’ means  
8 the Delta Regional Authority established by section  
9 3802.

10 “(2) **FEDERAL GRANT PROGRAM.**—The term  
11 ‘Federal grant program’ means a Federal grant pro-  
12 gram to provide assistance in—

13 “(A) acquiring or developing land;

14 “(B) constructing or equipping a highway,  
15 road, bridge, or facility; or

16 “(C) carrying out other economic develop-  
17 ment activities.

18 “(3) **REGION.**—The term ‘region’ means the  
19 Lower Mississippi (as defined in section 4 of the  
20 Delta Development Act (42 U.S.C. 3121 note; Pub-  
21 lic Law 100–460)).

22 **“SEC. 3802. DELTA REGIONAL AUTHORITY.**

23 “(a) **ESTABLISHMENT.**—

24 “(1) **IN GENERAL.**—There is established the  
25 Delta Regional Authority.

1           “(2) COMPOSITION.—The Authority shall be  
2 composed of—

3           “(A) a Federal member, to be appointed  
4 by the President, with the advice and consent  
5 of the Senate; and

6           “(B) the Governor (or a designee of the  
7 Governor) of each State in the region that  
8 elects to participate in the Authority.

9           “(3) COCHAIRPERSONS.—The Authority shall  
10 be headed by—

11           “(A) the Federal member, who shall serve  
12 as—

13           “(i) the Federal cochairperson; and

14           “(ii) a liaison between the Federal  
15 Government and the Authority; and

16           “(B) a State cochairperson, who shall be—

17           “(i) a Governor of a participating  
18 State in the region; and

19           “(ii) elected by the State members for  
20 a term of not less than 1 year.

21           “(4) ALABAMA.—Notwithstanding any other  
22 provision of law, the State of Alabama shall be a full  
23 member of the Authority and shall be entitled to all  
24 rights and privileges that the membership affords to  
25 all other participating States in the Authority.

1 “(b) ALTERNATE MEMBERS.—

2 “(1) STATE ALTERNATES.—The State member  
3 of a participating State may have a single alternate,  
4 who shall be—

5 “(A) a resident of that State; and

6 “(B) appointed by the Governor of the  
7 State.

8 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—  
9 The President shall appoint an alternate Federal co-  
10 chairperson.

11 “(3) QUORUM.—A State alternate shall not be  
12 counted toward the establishment of a quorum of  
13 the Authority in any instance in which a quorum of  
14 the State members is required to be present.

15 “(4) DELEGATION OF POWER.—No power or  
16 responsibility of the Authority specified in para-  
17 graphs (2) and (3) of subsection (c), and no voting  
18 right of any Authority member, shall be delegated to  
19 any person—

20 “(A) who is not an Authority member; or

21 “(B) who is not entitled to vote in Author-  
22 ity meetings.

23 “(c) VOTING.—

24 “(1) IN GENERAL.—A decision by the Authority  
25 shall require a majority vote of the Authority (not

1 including any member representing a State that is  
2 delinquent under subsection (g)(2)(C)) to be effective.  
3

4 “(2) QUORUM.—A quorum of State members  
5 shall be required to be present for the Authority to  
6 make any policy decision, including—

7 “(A) a modification or revision of an Au-  
8 thority policy decision;

9 “(B) approval of a State or regional devel-  
10 opment plan; and

11 “(C) any allocation of funds among the  
12 States.

13 “(3) PROJECT AND GRANT PROPOSALS.—The  
14 approval of project and grant proposals shall be—

15 “(A) a responsibility of the Authority; and

16 “(B) conducted in accordance with section  
17 3809.

18 “(4) VOTING BY ALTERNATE MEMBERS.—An  
19 alternate member shall vote in the case of the ab-  
20 sence, death, disability, removal, or resignation of  
21 the Federal or State representative for which the al-  
22 ternate member is an alternate.

23 “(d) DUTIES.—The Authority shall—

24 “(1) develop, on a continuing basis, comprehen-  
25 sive and coordinated plans and programs to establish

1 priorities and approve grants for the economic devel-  
2 opment of the region, giving due consideration to  
3 other Federal, State, and local planning and devel-  
4 opment activities in the region;

5 “(2) review, and where appropriate amend, pri-  
6 orities in a development plan for the region (includ-  
7 ing 5-year regional outcome targets);

8 “(3) assess the needs and assets of the region  
9 based on available research, demonstrations, inves-  
10 tigation, assessments, and evaluations of the region  
11 prepared by Federal, State, and local agencies, uni-  
12 versities, local development districts, and other non-  
13 profit groups;

14 “(4) formulate and recommend to the Gov-  
15 ernors and legislatures of States that participate in  
16 the Authority forms of interstate cooperation;

17 “(5) work with State and local agencies in de-  
18 veloping appropriate model legislation;

19 “(6)(A) enhance the capacity of, and provide  
20 support for, local development districts in the region;

21 or

22 “(B) if no local development district exists in  
23 an area in a participating State in the region, foster  
24 the creation of a local development district;

1           “(7) encourage private investment in industrial,  
2           commercial, and other economic development  
3           projects in the region; and

4           “(8) cooperate with and assist State govern-  
5           ments with economic development programs of par-  
6           ticipating States.

7           “(e) ADMINISTRATION.—In carrying out subsection  
8 (d), the Authority may—

9           “(1) hold such hearings, sit and act at such  
10          times and places, take such testimony, receive such  
11          evidence, and print or otherwise reproduce and dis-  
12          tribute a description of the proceedings and reports  
13          on actions by the Authority as the Authority con-  
14          siders appropriate;

15          “(2) authorize, through the Federal or State co-  
16          chairperson or any other member of the Authority  
17          designated by the Authority, the administration of  
18          oaths if the Authority determines that testimony  
19          should be taken or evidence received under oath;

20          “(3) request from any Federal, State, or local  
21          department or agency such information as may be  
22          available to or procurable by the department or  
23          agency that may be of use to the Authority in car-  
24          rying out duties of the Authority;

1           “(4) adopt, amend, and repeal bylaws, rules,  
2           and regulations governing the conduct of Authority  
3           business and the performance of Authority duties;

4           “(5) request the head of any Federal depart-  
5           ment or agency to detail to the Authority such per-  
6           sonnel as the Authority requires to carry out duties  
7           of the Authority, each such detail to be without loss  
8           of seniority, pay, or other employee status;

9           “(6) request the head of any State department  
10          or agency or local government to detail to the Au-  
11          thority such personnel as the Authority requires to  
12          carry out duties of the Authority, each such detail  
13          to be without loss of seniority, pay, or other em-  
14          ployee status;

15          “(7) provide for coverage of Authority employ-  
16          ees in a suitable retirement and employee benefit  
17          system by—

18                 “(A) making arrangements or entering  
19                 into contracts with any participating State gov-  
20                 ernment; or

21                 “(B) otherwise providing retirement and  
22                 other employee benefit coverage;

23          “(8) accept, use, and dispose of gifts or dona-  
24          tions of services or real, personal, tangible, or intan-  
25          gible property;

1           “(9) enter into and perform such contracts,  
2 leases, cooperative agreements, or other transactions  
3 as are necessary to carry out Authority duties, in-  
4 cluding any contracts, leases, or cooperative agree-  
5 ments with—

6           “(A) any department, agency, or instru-  
7 mentality of the United States;

8           “(B) any State (including a political sub-  
9 division, agency, or instrumentality of the  
10 State); or

11           “(C) any person, firm, association, or cor-  
12 poration; and

13           “(10) establish and maintain a central office  
14 and field offices at such locations as the Authority  
15 may select.

16           “(f) FEDERAL AGENCY COOPERATION.—A Federal  
17 agency shall—

18           “(1) cooperate with the Authority; and

19           “(2) provide, on request of the Federal cochair-  
20 person, appropriate assistance in carrying out this  
21 chapter, in accordance with applicable Federal laws  
22 (including regulations).

23           “(g) ADMINISTRATIVE EXPENSES.—

24           “(1) IN GENERAL.—Administrative expenses of  
25 the Authority (except for the expenses of the Fed-

1       eral cochairperson, including expenses of the alter-  
2       nate and staff of the Federal cochairperson, which  
3       shall be paid solely by the Federal Government)  
4       shall be paid—

5               “(A) by the Federal Government, in an  
6       amount equal to 50 percent of the administra-  
7       tive expenses; and

8               “(B) by the States in the region partici-  
9       pating 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 adminis-  
13      trative expenses of the Authority to be paid by  
14      each State shall be determined by the Author-  
15      ity.

16              “(B) NO FEDERAL PARTICIPATION.—The  
17      Federal cochairperson shall not participate or  
18      vote in any decision under subparagraph (A).

19              “(C) DELINQUENT STATES.—If a State is  
20      delinquent in payment of the State’s share of  
21      administrative expenses of the Authority under  
22      this subsection—

23                      “(i) no assistance under this chapter  
24      shall be furnished to the State (including

1 assistance to a political subdivision or a  
2 resident of the State); and

3 “(ii) no member of the Authority from  
4 the State shall participate or vote in any  
5 action by the Authority.

6 “(h) COMPENSATION.—

7 “(1) FEDERAL COCHAIRPERSON.—The Federal  
8 cochairperson shall be compensated by the Federal  
9 Government at level III of the Executive Schedule in  
10 subchapter II of chapter 53 of title 5, United States  
11 Code.

12 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—  
13 The alternate Federal cochairperson—

14 “(A) shall be compensated by the Federal  
15 Government at level V of the Executive Sched-  
16 ule described in paragraph (1); and

17 “(B) when not actively serving as an alter-  
18 nate for the Federal cochairperson, shall per-  
19 form such functions and duties as are delegated  
20 by the Federal cochairperson.

21 “(3) STATE MEMBERS AND ALTERNATES.—

22 “(A) IN GENERAL.—A State shall com-  
23 pensate each member and alternate rep-  
24 resenting the State on the Authority at the rate  
25 established by law of the State.

1           “(B) NO ADDITIONAL COMPENSATION.—  
2           No State member or alternate member shall re-  
3           ceive any salary, or any contribution to or sup-  
4           plementation of salary from any source other  
5           than the State for services provided by the  
6           member or alternate to the Authority.

7           “(4) DETAILED EMPLOYEES.—

8           “(A) IN GENERAL.—No person detailed to  
9           serve the Authority under subsection (e)(6)  
10          shall receive any salary or any contribution to  
11          or supplementation of salary for services pro-  
12          vided to the Authority from—

13                   “(i) any source other than the State,  
14                   local, or intergovernmental department or  
15                   agency from which the person was detailed;  
16                   or

17                   “(ii) the Authority.

18          “(B) VIOLATION.—Any person that vio-  
19          lates this paragraph shall be fined not more  
20          than \$5,000, imprisoned not more than 1 year,  
21          or both.

22          “(C) APPLICABLE LAW.—The Federal co-  
23          chairperson, the alternate Federal cochair-  
24          person, and any Federal officer or employee de-  
25          tailed to duty on the Authority under sub-

1 section (e)(5) shall not be subject to subpara-  
2 graph (A), but shall remain subject to sections  
3 202 through 209 of title 18, United States  
4 Code.

5 “(5) ADDITIONAL PERSONNEL.—

6 “(A) COMPENSATION.—

7 “(i) IN GENERAL.—The Authority  
8 may appoint and fix the compensation of  
9 an executive director and such other per-  
10 sonnel as are necessary to enable the Au-  
11 thority to carry out the duties of the Au-  
12 thority.

13 “(ii) EXCEPTION.—Compensation  
14 under clause (i) shall not exceed the max-  
15 imum rate for the Senior Executive Service  
16 under section 5382 of title 5, United  
17 States Code, including any applicable local-  
18 ity-based comparability payment that may  
19 be authorized under section 5304(h)(2)(C)  
20 of that title.

21 “(B) EXECUTIVE DIRECTOR.—The execu-  
22 tive director shall be responsible for—

23 “(i) the carrying out of the adminis-  
24 trative duties of the Authority;

1 “(ii) direction of the Authority staff;

2 and

3 “(iii) such other duties as the Author-  
4 ity may assign.

5 “(C) NO FEDERAL EMPLOYEE STATUS.—

6 No member, alternate, officer, or employee of  
7 the Authority (except the Federal cochairperson  
8 of the Authority, the alternate and staff for the  
9 Federal cochairperson, and any Federal em-  
10 ployee detailed to the Authority under sub-  
11 section (e)(5)) shall be considered to be a Fed-  
12 eral employee for any purpose.

13 “(i) CONFLICTS OF INTEREST.—

14 “(1) IN GENERAL.—Except as provided under  
15 paragraph (2), no State member, alternate, officer,  
16 or employee of the Authority shall participate per-  
17 sonally and substantially as a member, alternate, of-  
18 ficer, or employee of the Authority, through decision,  
19 approval, disapproval, recommendation, the ren-  
20 dering of advice, investigation, or otherwise, in any  
21 proceeding, application, request for a ruling or other  
22 determination, contract, claim, controversy, or other  
23 matter in which, to knowledge of the member, alter-  
24 nate, officer, or employee, there is a financial inter-  
25 est of—

1           “(A) the member, alternate, officer, or em-  
2           ployee;

3           “(B) the spouse, minor child, partner, or  
4           organization (other than a State or political  
5           subdivision of the State) of the member, alter-  
6           nate, officer, or employee, in which the member,  
7           alternate, officer, or employee is serving as offi-  
8           cer, director, trustee, partner, or employee; or

9           “(C) any person or organization with  
10          whom the member, alternate, officer, or em-  
11          ployee is negotiating or has any arrangement  
12          concerning prospective employment.

13          “(2) DISCLOSURE.—Paragraph (1) shall not  
14          apply if the State member, alternate, officer, or em-  
15          ployee—

16                 “(A) immediately advises the Authority of  
17                 the nature and circumstances of the proceeding,  
18                 application, request for a ruling or other deter-  
19                 mination, contract, claim, controversy, or other  
20                 particular matter presenting a potential conflict  
21                 of interest;

22                 “(B) makes full disclosure of the financial  
23                 interest; and

24                 “(C) before the proceeding concerning the  
25                 matter presenting the conflict of interest, re-

1 ceives a written determination by the Authority  
2 that the interest is not so substantial as to be  
3 likely to affect the integrity of the services that  
4 the Authority may expect from the State mem-  
5 ber, alternate, officer, or employee.

6 “(3) VIOLATION.—Any person that violates this  
7 subsection shall be fined not more than \$10,000, im-  
8 prisoned not more than 2 years, or both.

9 “(j) VALIDITY OF CONTRACTS, LOANS, AND  
10 GRANTS.—The Authority may declare void any contract,  
11 loan, or grant of or by the Authority in relation to which  
12 the Authority determines that there has been a violation  
13 of any provision under subsection (h)(4), subsection (i),  
14 or sections 202 through 209 of title 18, United States  
15 Code.

16 **“SEC. 3803. ECONOMIC AND COMMUNITY DEVELOPMENT**  
17 **GRANTS.**

18 “(a) IN GENERAL.—The Authority may approve  
19 grants to States and public and nonprofit entities for  
20 projects, approved in accordance with section 3809—

21 “(1) to develop the transportation infrastruc-  
22 ture of the region for the purpose of facilitating eco-  
23 nomic development in the region (except that grants  
24 for this purpose may only be made to a State or  
25 local government);

1           “(2) to assist the region in obtaining the job  
2 training, employment-related education, and busi-  
3 ness development (with an emphasis on entrepre-  
4 neurship) that are needed to build and maintain  
5 strong local economies;

6           “(3) to provide assistance to severely distressed  
7 and underdeveloped areas that lack financial re-  
8 sources for improving basic public services;

9           “(4) to provide assistance to severely distressed  
10 and underdeveloped areas that lack financial re-  
11 sources for equipping industrial parks and related  
12 facilities; and

13           “(5) to otherwise achieve the purposes of this  
14 chapter.

15           “(b) FUNDING.—

16           “(1) IN GENERAL.—Funds for grants under  
17 subsection (a) may be provided—

18           “(A) entirely from appropriations to carry  
19 out this section;

20           “(B) in combination with funds available  
21 under another Federal or Federal grant pro-  
22 gram; or

23           “(C) from any other source.

24           “(2) PRIORITY OF FUNDING.—To best build the  
25 foundations for long-term economic development and

1 to complement other Federal and State resources in  
2 the region, Federal funds available under this chap-  
3 ter shall be focused on the activities in the following  
4 order or priority:

5 “(A) Basic public infrastructure in dis-  
6 tressed counties and isolated areas of distress.

7 “(B) Transportation infrastructure for the  
8 purpose of facilitating economic development in  
9 the region.

10 “(C) Business development, with emphasis  
11 on entrepreneurship.

12 “(D) Job training or employment-related  
13 education, with emphasis on use of existing  
14 public educational institutions located in the re-  
15 gion.

16 **“SEC. 3804. SUPPLEMENTS TO FEDERAL GRANT PRO-**  
17 **GRAMS.**

18 “(a) FINDING.—Congress finds that certain States  
19 and local communities of the region, including local devel-  
20 opment districts, may be unable to take maximum advan-  
21 tage of Federal grant programs for which the States and  
22 communities are eligible because—

23 “(1) the States or communities lack the eco-  
24 nomic resources to provide the required matching  
25 share; or

1           “(2) there are insufficient funds available under  
2           the applicable Federal law authorizing the Federal  
3           grant program to meet pressing needs of the region.

4           “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-  
5           withstanding any provision of law limiting the Federal  
6           share, the areas eligible for assistance, or the authoriza-  
7           tions of appropriations of any Federal grant program, and  
8           in accordance with subsection (c), the Authority, with the  
9           approval of the Federal cochairperson and with respect to  
10          a project to be carried out in the region—

11           “(1) may increase the Federal share of the  
12           costs of a project under the Federal grant program  
13           to not more than 90 percent (except as provided in  
14           section 3806(b)); and

15           “(2) shall use amounts made available to carry  
16           out this chapter to pay the increased Federal share.

17           “(c) CERTIFICATIONS.—

18           “(1) IN GENERAL.—In the case of any project  
19           for which all or any portion of the basic Federal  
20           share of the costs of the project is proposed to be  
21           paid under this section, no Federal contribution  
22           shall be made until the Federal official admin-  
23           istering the Federal law that authorizes the Federal  
24           grant program certifies that the project—

1           “(A) meets (except as provided in sub-  
2 section (b)) the applicable requirements of the  
3 applicable Federal grant program; and

4           “(B) could be approved for Federal con-  
5 tribution under the Federal grant program if  
6 funds were available under the law for the  
7 project.

8           “(2) CERTIFICATION BY AUTHORITY.—

9           “(A) IN GENERAL.—The certifications and  
10 determinations required to be made by the Au-  
11 thority for approval of projects under this Act  
12 in accordance with section 3809 shall be—

13                   “(i) controlling; and

14                   “(ii) accepted by the Federal agencies.

15           “(B) ACCEPTANCE BY FEDERAL COCHAIR-  
16 PERSON.—In the case of any project described  
17 in paragraph (1), any finding, report, certifi-  
18 cation, or documentation required to be sub-  
19 mitted with respect to the project to the head  
20 of the department, agency, or instrumentality of  
21 the Federal Government responsible for the ad-  
22 ministration of the Federal grant program  
23 under which the project is carried out shall be  
24 accepted by the Federal cochairperson.

1 **“SEC. 3805. LOCAL DEVELOPMENT DISTRICTS; CERTIFI-**  
2 **CATION AND ADMINISTRATIVE EXPENSES.**

3 “(a) DEFINITION OF LOCAL DEVELOPMENT DIS-  
4 TRICT.—In this section, the term ‘local development dis-  
5 trict’ means an entity that—

6 “(1) is—

7 “(A) a planning district in existence on the  
8 date of enactment of the Agriculture Reform,  
9 Food, and Jobs Act of 2012 that is recognized  
10 by the Secretary; or

11 “(B) if an entity described in subpara-  
12 graph (A) does not exist—

13 “(i) organized and operated in a man-  
14 ner that ensures broad-based community  
15 participation and an effective opportunity  
16 for other nonprofit groups to contribute to  
17 the development and implementation of  
18 programs in the region;

19 “(ii) governed by a policy board with  
20 at least a simple majority of members con-  
21 sisting of elected officials or employees of  
22 a general purpose unit of local government  
23 who have been appointed to represent the  
24 government;

25 “(iii) certified to the Authority as hav-  
26 ing a charter or authority that includes the

1 economic development of counties or parts  
2 of counties or other political subdivisions  
3 within the region—

4 “(I) by the Governor of each  
5 State in which the entity is located; or

6 “(II) by the State officer des-  
7 igned by the appropriate State law  
8 to make the certification; and

9 “(iv)(I) a nonprofit incorporated body  
10 organized or chartered under the law of  
11 the State in which the entity is located;

12 “(II) a nonprofit agency or instru-  
13 mentality of a State or local government;

14 “(III) a public organization estab-  
15 lished before December 21, 2000, under  
16 State law for creation of multi-jurisdic-  
17 tional, area-wide planning organizations; or

18 “(IV) a nonprofit association or com-  
19 bination of bodies, agencies, and instru-  
20 mentalities described in subclauses (I)  
21 through (III); and

22 “(2) has not, as certified by the Federal co-  
23 chairperson—

24 “(A) inappropriately used Federal grant  
25 funds from any Federal source; or

1           “(B) appointed an officer who, during the  
2           period in which another entity inappropriately  
3           used Federal grant funds from any Federal  
4           source, was an officer of the other entity.

5           “(b) GRANTS TO LOCAL DEVELOPMENT DIS-  
6 TRICTS.—

7           “(1) IN GENERAL.—The Authority shall make  
8           grants for administrative expenses under this sec-  
9           tion.

10          “(2) CONDITIONS FOR GRANTS.—

11           “(A) MAXIMUM AMOUNT.—The amount of  
12           any grant awarded under paragraph (1) shall  
13           not exceed 80 percent of the administrative ex-  
14           penses of the local development district receiv-  
15           ing the grant.

16           “(B) MAXIMUM PERIOD.—No grant de-  
17           scribed in paragraph (1) shall be awarded to a  
18           State agency certified as a local development  
19           district for a period greater than 3 years.

20           “(C) LOCAL SHARE.—The contributions of  
21           a local development district for administrative  
22           expenses may be in cash or in kind, fairly evalu-  
23           ated, including space, equipment, and services.

24           “(c) DUTIES OF LOCAL DEVELOPMENT DIS-  
25 TRICTS.—A local development district shall—

1           “(1) operate as a lead organization serving  
2 multicounty areas in the region at the local level;  
3 and

4           “(2) serve as a liaison between State and local  
5 governments, nonprofit organizations (including  
6 community-based groups and educational institu-  
7 tions), the business community, and citizens that—

8               “(A) are involved in multijurisdictional  
9 planning;

10               “(B) provide technical assistance to local  
11 jurisdictions and potential grantees; and

12               “(C) provide leadership and civic develop-  
13 ment assistance.

14 **“SEC. 3806. DISTRESSED COUNTIES AND AREAS AND NON-**  
15 **DISTRESSED COUNTIES.**

16           “(a) DESIGNATIONS.—Each year, the Authority, in  
17 accordance with such criteria as the Authority may estab-  
18 lish, shall designate—

19               “(1) as distressed counties, counties in the re-  
20 gion that are the most severely and persistently dis-  
21 tressed and underdeveloped and have high rates of  
22 poverty or unemployment;

23               “(2) as nondistressed counties, counties in the  
24 region that are not designated as distressed counties  
25 under paragraph (1); and

1           “(3) as isolated areas of distress, areas located  
2           in nondistressed counties (as designated under para-  
3           graph (2)) that have high rates of poverty or unem-  
4           ployment.

5           “(b) DISTRESSED COUNTIES.—

6           “(1) IN GENERAL.—The Authority shall allo-  
7           cate at least 75 percent of the appropriations made  
8           available under section 3813 for programs and  
9           projects designed to serve the needs of distressed  
10          counties and isolated areas of distress in the region.

11          “(2) FUNDING LIMITATIONS.—The funding lim-  
12          itations under section 3804(b) shall not apply to a  
13          project providing transportation or basic public serv-  
14          ices to residents of 1 or more distressed counties or  
15          isolated areas of distress in the region.

16          “(c) NONDISTRESSED COUNTIES.—

17          “(1) IN GENERAL.—Except as provided in this  
18          subsection, no funds shall be provided under this  
19          chapter for a project located in a county designated  
20          as a nondistressed county under subsection (a)(2).

21          “(2) EXCEPTIONS.—

22                  “(A) IN GENERAL.—The funding prohibi-  
23                  tion under paragraph (1) shall not apply to  
24                  grants to fund the administrative expenses of

1 local development districts under section  
2 3805(b).

3 “(B) MULTICOUNTY PROJECTS.—The Au-  
4 thority may waive the application of the fund-  
5 ing prohibition under paragraph (1) to a multi-  
6 county project that includes participation by a  
7 nondistressed county; or any other type of  
8 project if the Authority determines that the  
9 project could bring significant benefits to areas  
10 of the region outside a nondistressed county.

11 “(C) ISOLATED AREAS OF DISTRESS.—For  
12 a designation of an isolated area of distress for  
13 assistance to be effective, the designation shall  
14 be supported—

15 “(i) by the most recent Federal data  
16 available; or

17 “(ii) if no recent Federal data are  
18 available, by the most recent data available  
19 through the government of the State in  
20 which the isolated area of distress is lo-  
21 cated.

22 “(d) TRANSPORTATION AND BASIC PUBLIC INFRA-  
23 STRUCTURE.—The Authority shall allocate at least 50 per-  
24 cent of any funds made available under section 3813 for

1 transportation and basic public infrastructure projects au-  
2 thorized under paragraphs (1) and (3) of section 3803(a).

3 **“SEC. 3807. DEVELOPMENT PLANNING PROCESS.**

4 “(a) STATE DEVELOPMENT PLAN.—In accordance  
5 with policies established by the Authority, each State  
6 member shall submit a development plan for the area of  
7 the region represented by the State member.

8 “(b) CONTENT OF PLAN.—A State development plan  
9 submitted under subsection (a) shall reflect the goals, ob-  
10 jectives, and priorities identified in the regional develop-  
11 ment plan developed under section 3802(d)(2).

12 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-  
13 TIES.—In carrying out the development planning process  
14 (including the selection of programs and projects for as-  
15 sistance), a State may—

16 “(1) consult with—

17 “(A) local development districts; and

18 “(B) local units of government; and

19 “(2) take into consideration the goals, objec-  
20 tives, priorities, and recommendations of the entities  
21 described in paragraph (1).

22 “(d) PUBLIC PARTICIPATION.—

23 “(1) IN GENERAL.—The Authority and applica-  
24 ble State and local development districts shall en-  
25 courage and assist, to the maximum extent prac-

1        ticable, public participation in the development, revi-  
2        sion, and implementation of all plans and programs  
3        under this chapter.

4            “(2) REGULATIONS.—The Authority shall de-  
5        velop guidelines for providing public participation  
6        described in paragraph (1), including public hear-  
7        ings.

8        **“SEC. 3808. PROGRAM DEVELOPMENT CRITERIA.**

9            “(a) IN GENERAL.—In considering programs and  
10       projects to be provided assistance under this chapter and  
11       in establishing a priority ranking of the requests for as-  
12       sistance provided by the Authority, the Authority shall fol-  
13       low procedures that ensure, to the maximum extent prac-  
14       ticable, consideration of—

15            “(1) the relationship of the project or class of  
16       projects to overall regional development;

17            “(2) the per capita income and poverty and un-  
18       employment rates in an area;

19            “(3) the financial resources available to the ap-  
20       plicants for assistance seeking to carry out the  
21       project, with emphasis on ensuring that projects are  
22       adequately financed to maximize the probability of  
23       successful economic development;

24            “(4) the importance of the project or class of  
25       projects in relation to other projects or classes of

1 projects that may be in competition for the same  
2 funds;

3 “(5) the prospects that the project for which as-  
4 sistance is sought will improve, on a continuing rath-  
5 er than a temporary basis, the opportunities for em-  
6 ployment, the average level of income, or the eco-  
7 nomic development of the area served by the project;  
8 and

9 “(6) the extent to which the project design pro-  
10 vides for detailed outcome measurements by which  
11 grant expenditures and the results of the expendi-  
12 tures may be evaluated.

13 “(b) NO RELOCATION ASSISTANCE.—

14 “(1) IN GENERAL.—Except as provided in para-  
15 graph (2), no financial assistance authorized by this  
16 chapter shall be used to assist a person or entity in  
17 relocating from 1 area to another.

18 “(2) OUTSIDE BUSINESSES.—Financial assist-  
19 ance under this chapter may be used as otherwise  
20 authorized by this title to attract businesses from  
21 outside the region to the region.

22 “(c) REDUCTION OF FUNDS.—Funds may be pro-  
23 vided for a program or project in a State under this chap-  
24 ter only if the Authority determines that the level of Fed-  
25 eral or State financial assistance provided under a law

1 other than this chapter, for the same type of program or  
2 project in the same area of the State within the region,  
3 will not be reduced as a result of funds made available  
4 by this chapter.

5 **“SEC. 3809. APPROVAL OF DEVELOPMENT PLANS AND**  
6 **PROJECTS.**

7 “(a) IN GENERAL.—A State or regional development  
8 plan or any multistate subregional plan that is proposed  
9 for development under this chapter shall be reviewed and  
10 approved by the Authority.

11 “(b) EVALUATION BY STATE MEMBER.—An applica-  
12 tion for a grant or any other assistance for a project under  
13 this chapter shall be made through and evaluated for ap-  
14 proval by the State member of the Authority representing  
15 the applicant.

16 “(c) CERTIFICATION.—An application for a grant or  
17 other assistance for a project shall be approved only on  
18 certification by the State member that the application for  
19 the project—

20 “(1) describes ways in which the project com-  
21 plies with any applicable State development plan;

22 “(2) meets applicable criteria under section  
23 3808;

1           “(3) provides adequate assurance that the pro-  
2           posed project will be properly administered, oper-  
3           ated, and maintained; and

4           “(4) otherwise meets the requirements of this  
5           chapter.

6           “(d) APPROVAL OF GRANT APPLICATIONS.—On cer-  
7           tification by a State member of the Authority of an appli-  
8           cation for a grant or other assistance for a specific project  
9           under this section, an affirmative vote of the Authority  
10          under section 3802(c) shall be required for approval of  
11          the application.

12          **“SEC. 3810. CONSENT OF STATES.**

13          “Nothing in this chapter requires any State to engage  
14          in or accept any program under this chapter without the  
15          consent of the State.

16          **“SEC. 3811. RECORDS.**

17          “(a) RECORDS OF THE AUTHORITY.—

18                 “(1) IN GENERAL.—The Authority shall main-  
19                 tain accurate and complete records of all trans-  
20                 actions and activities of the Authority.

21                 “(2) AVAILABILITY.—All records of the Author-  
22                 ity shall be available for audit and examination by  
23                 the Comptroller General of the United States and  
24                 the Inspector General of the Department of Agri-  
25                 culture (including authorized representatives of the

1 Comptroller General and the Inspector General of  
2 the Department of Agriculture).

3 “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-  
4 ANCE.—

5 “(1) IN GENERAL.—A recipient of Federal  
6 funds under this chapter shall, as required by the  
7 Authority, maintain accurate and complete records  
8 of transactions and activities financed with Federal  
9 funds and report on the transactions and activities  
10 to the Authority.

11 “(2) AVAILABILITY.—All records required  
12 under paragraph (1) shall be available for audit by  
13 the Comptroller General of the United States, the  
14 Inspector General of the Department of Agriculture,  
15 and the Authority (including authorized representa-  
16 tives of the Comptroller General, the Inspector Gen-  
17 eral of the Department of Agriculture, and the Au-  
18 thority).

19 **“SEC. 3812. ANNUAL REPORT.**

20 “Not later than 180 days after the end of each fiscal  
21 year, the Authority shall submit to the President and to  
22 Congress a report describing the activities carried out  
23 under this chapter.

1 **“SEC. 3813. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) IN GENERAL.—There is authorized to be appro-  
3 priated to the Authority to carry out this chapter  
4 \$30,000,000 for each of fiscal years 2012 through 2017,  
5 to remain available until expended.

6 “(b) ADMINISTRATIVE EXPENSES.—Not more than 5  
7 percent of the amount appropriated under subsection (a)  
8 for a fiscal year shall be used for administrative expenses  
9 of the Authority.

10 **“SEC. 3814. TERMINATION OF AUTHORITY.**

11 “This chapter and the authority provided under this  
12 chapter expire on October 1, 2017.

13 **“CHAPTER 5—NORTHERN GREAT PLAINS**  
14 **REGIONAL AUTHORITY**

15 **“SEC. 3821. DEFINITIONS.**

16 “In this chapter:

17 “(1) AUTHORITY.—The term ‘Authority’ means  
18 the Northern Great Plains Regional Authority estab-  
19 lished by section 3822.

20 “(2) FEDERAL GRANT PROGRAM.—The term  
21 ‘Federal grant program’ means a Federal grant pro-  
22 gram to provide assistance in—

23 “(A) implementing the recommendations of  
24 the Northern Great Plains Rural Development  
25 Commission established by the Northern Great

1 Plains Rural Development Act (7 U.S.C. 2661  
2 note; Public Law 103–318);

3 “(B) acquiring or developing land;

4 “(C) constructing or equipping a highway,  
5 road, bridge, or facility;

6 “(D) carrying out other economic develop-  
7 ment activities; or

8 “(E) conducting research activities related  
9 to the activities described in subparagraphs (A)  
10 through (D).

11 “(3) REGION.—The term ‘region’ means the  
12 States of Iowa, Minnesota, Missouri (other than  
13 counties included in the Delta Regional Authority),  
14 Nebraska, North Dakota, and South Dakota.

15 **“SEC. 3822. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**  
16 **ITY.**

17 “(a) ESTABLISHMENT.—

18 “(1) IN GENERAL.—There is established the  
19 Northern Great Plains Regional Authority.

20 “(2) COMPOSITION.—The Authority shall be  
21 composed of—

22 “(A) a Federal member, to be appointed  
23 by the President, by and with the advice and  
24 consent of the Senate;

1           “(B) the Governor (or a designee of the  
2 Governor) of each State in the region that  
3 elects to participate in the Authority; and

4           “(C) a member of an Indian tribe, who  
5 shall be a chairperson of an Indian tribe in the  
6 region or a designee of such a chairperson, to  
7 be appointed by the President, by and with the  
8 advice and consent of the Senate.

9           “(3) COCHAIRPERSONS.—The Authority shall  
10 be headed by—

11           “(A) the Federal member, who shall serve  
12 as—

13           “(i) the Federal cochairperson; and

14           “(ii) a liaison between the Federal  
15 Government and the Authority;

16           “(B) a State cochairperson, who shall be—

17           “(i) a Governor of a participating  
18 State in the region; and

19           “(ii) elected by the State members for  
20 a term of not less than 1 year; and

21           “(C) the member of an Indian tribe, who  
22 shall serve as—

23           “(i) the tribal cochairperson; and

1                   “(ii) a liaison between the govern-  
2                   ments of Indian tribes in the region and  
3                   the Authority.

4                   “(4) FAILURE TO CONFIRM.—

5                   “(A) FEDERAL MEMBER.—Notwith-  
6                   standing any other provision of this section, if  
7                   a Federal member described in paragraph  
8                   (2)(A) has not been confirmed by the Senate by  
9                   not later than 180 days after the date of enact-  
10                  ment of the Agriculture Reform, Food, and  
11                  Jobs Act of 2012, the Authority may organize  
12                  and operate without the Federal member.

13                  “(B) TRIBAL COCHAIRPERSON.—In the  
14                  case of the tribal cochairperson, if no tribal co-  
15                  chairperson is confirmed by the Senate, the re-  
16                  gional authority shall consult and coordinate  
17                  with the leaders of Indian tribes in the region  
18                  concerning the activities of the Authority, as  
19                  appropriate.

20                  “(b) ALTERNATE MEMBERS.—

21                  “(1) ALTERNATE FEDERAL COCHAIRPERSON.—  
22                  The President shall appoint an alternate Federal co-  
23                  chairperson.

24                  “(2) STATE ALTERNATES.—

1           “(A) IN GENERAL.—The State member of  
2           a participating State may have a single alter-  
3           nate, who shall be—

4                   “(i) a resident of that State; and

5                   “(ii) appointed by the Governor of the  
6           State.

7           “(B) QUORUM.—A State alternate member  
8           shall not be counted toward the establishment  
9           of a quorum of the members of the Authority  
10          in any case in which a quorum of the State  
11          members is required to be present.

12          “(3) ALTERNATE TRIBAL COCHAIRPERSON.—  
13          The President shall appoint an alternate tribal co-  
14          chairperson, by and with the advice and consent of  
15          the Senate.

16          “(4) DELEGATION OF POWER.—No power or  
17          responsibility of the Authority specified in para-  
18          graphs (2) and (3) of subsection (c), and no voting  
19          right of any member of the Authority, shall be dele-  
20          gated to any person who is not—

21                   “(A) a member of the Authority; or

22                   “(B) entitled to vote in Authority meet-  
23          ings.

24          “(c) VOTING.—

1           “(1) IN GENERAL.—A decision by the Authority  
2 shall require a majority vote of the Authority (not  
3 including any member representing a State that is  
4 delinquent under subsection (g)(2)(D)) to be effective.  
5

6           “(2) QUORUM.—A quorum of State members  
7 shall be required to be present for the Authority to  
8 make any policy decision, including—

9                   “(A) a modification or revision of an Au-  
10 thority policy decision;

11                   “(B) approval of a State or regional devel-  
12 opment plan; and

13                   “(C) any allocation of funds among the  
14 States.

15           “(3) PROJECT AND GRANT PROPOSALS.—The  
16 approval of project and grant proposals shall be—

17                   “(A) a responsibility of the Authority; and

18                   “(B) conducted in accordance with section  
19 3830.

20           “(4) VOTING BY ALTERNATE MEMBERS.—An  
21 alternate member shall vote in the case of the ab-  
22 sence, death, disability, removal, or resignation of  
23 the Federal, State, or Indian tribe member for  
24 whom the alternate member is an alternate.

25           “(d) DUTIES.—The Authority shall—

1           “(1) develop, on a continuing basis, comprehen-  
2           sive and coordinated plans and programs for  
3           multistate cooperation to advance the economic and  
4           social well-being of the region and to approve grants  
5           for the economic development of the region, giving  
6           due consideration to other Federal, State, tribal, and  
7           local planning and development activities in the re-  
8           gion;

9           “(2) review, and when appropriate amend, pri-  
10          orities in a development plan for the region (includ-  
11          ing 5-year regional outcome targets);

12          “(3) assess the needs and assets of the region  
13          based on available research, demonstrations, inves-  
14          tigations, assessments, and evaluations of the region  
15          prepared by Federal, State, tribal, and local agen-  
16          cies, universities, regional and local development dis-  
17          tricts or organizations, and other nonprofit groups;

18          “(4) formulate and recommend to the Gov-  
19          ernors and legislatures of States that participate in  
20          the Authority forms of interstate cooperation for—

21                 “(A) renewable energy development and  
22                 transmission;

23                 “(B) transportation planning and economic  
24                 development;

25                 “(C) information technology;

1           “(D) movement of freight and individuals  
2           within the region;

3           “(E) federally-funded research at institu-  
4           tions of higher education; and

5           “(F) conservation land management;

6           “(5) work with State, tribal, and local agencies  
7           in developing appropriate model legislation;

8           “(6) enhance the capacity of, and provide sup-  
9           port for, multistate development and research orga-  
10          nizations, local development organizations and dis-  
11          tricts, and resource conservation districts in the re-  
12          gion;

13          “(7) encourage private investment in industrial,  
14          commercial, renewable energy, and other economic  
15          development projects in the region; and

16          “(8) cooperate with and assist State govern-  
17          ments with economic development programs of par-  
18          ticipating States.

19          “(e) ADMINISTRATION.—In carrying out subsection  
20 (d), the Authority may—

21               “(1) hold such hearings, sit and act at such  
22               times and places, take such testimony, receive such  
23               evidence, and print or otherwise reproduce and dis-  
24               tribute a description of the proceedings and reports

1 on actions by the Authority as the Authority con-  
2 siders appropriate;

3 “(2) authorize, through the Federal, State, or  
4 tribal cochairperson or any other member of the Au-  
5 thority designated by the Authority, the administra-  
6 tion of oaths if the Authority determines that testi-  
7 mony should be taken or evidence received under  
8 oath;

9 “(3) request from any Federal, State, tribal, or  
10 local agency such information as may be available to  
11 or procurable by the agency that may be of use to  
12 the Authority in carrying out the duties of the Au-  
13 thority;

14 “(4) adopt, amend, and repeal bylaws and rules  
15 governing the conduct of business and the perform-  
16 ance of duties of the Authority;

17 “(5) request the head of any Federal agency to  
18 detail to the Authority such personnel as the Au-  
19 thority requires to carry out duties of the Authority,  
20 each such detail to be without loss of seniority, pay,  
21 or other employee status;

22 “(6) request the head of any State agency, trib-  
23 al government, or local government to detail to the  
24 Authority such personnel as the Authority requires  
25 to carry out duties of the Authority, each such detail

1 to be without loss of seniority, pay, or other em-  
2 ployee status;

3 “(7) provide for coverage of Authority employ-  
4 ees in a suitable retirement and employee benefit  
5 system by—

6 “(A) making arrangements or entering  
7 into contracts with any participating State gov-  
8 ernment or tribal government; or

9 “(B) otherwise providing retirement and  
10 other employee benefit coverage;

11 “(8) accept, use, and dispose of gifts or dona-  
12 tions of services or real, personal, tangible, or intan-  
13 gible property;

14 “(9) enter into and perform such contracts,  
15 leases, cooperative agreements, or other transactions  
16 as are necessary to carry out Authority duties, in-  
17 cluding any contracts, leases, or cooperative agree-  
18 ments with—

19 “(A) any department, agency, or instru-  
20 mentality of the United States;

21 “(B) any State (including a political sub-  
22 division, agency, or instrumentality of the  
23 State);

24 “(C) any Indian tribe in the region; or

1           “(D) any person, firm, association, or cor-  
2           poration; and

3           “(10) establish and maintain a central office  
4           and field offices at such locations as the Authority  
5           may select.

6           “(f) FEDERAL AGENCY COOPERATION.—A Federal  
7           agency shall—

8           “(1) cooperate with the Authority; and

9           “(2) provide, on request of a cochairperson, ap-  
10          propriate assistance in carrying out this chapter, in  
11          accordance with applicable Federal laws (including  
12          regulations).

13          “(g) ADMINISTRATIVE EXPENSES.—

14          “(1) FEDERAL SHARE.—The Federal share of  
15          the administrative expenses of the Authority shall  
16          be—

17                 “(A) for each of fiscal years 2012 and  
18                 2013, 100 percent;

19                 “(B) for fiscal year 2014, 75 percent; and

20                 “(C) for fiscal year 2015 and each fiscal  
21                 year thereafter, 50 percent.

22          “(2) NON-FEDERAL SHARE.—

23                 “(A) IN GENERAL.—The non-Federal  
24                 share of the administrative expenses of the Au-

1           thority shall be paid by non-Federal sources in  
2           the States that participate in the Authority.

3           “(B) SHARE PAID BY EACH STATE.—The  
4           share of administrative expenses of the Author-  
5           ity to be paid by non-Federal sources in each  
6           State shall be determined by the Authority.

7           “(C) NO FEDERAL PARTICIPATION.—The  
8           Federal cochairperson shall not participate or  
9           vote in any decision under subparagraph (B).

10          “(D) DELINQUENT STATES.—If a State is  
11          delinquent in payment of the State’s share of  
12          administrative expenses of the Authority under  
13          this subsection—

14                 “(i) no assistance under this chapter  
15                 shall be provided to the State (including  
16                 assistance to a political subdivision or a  
17                 resident of the State); and

18                 “(ii) no member of the Authority from  
19                 the State shall participate or vote in any  
20                 action by the Authority.

21          “(h) COMPENSATION.—

22                 “(1) FEDERAL AND TRIBAL COCHAIR-  
23                 PERSONS.—The Federal cochairperson and the tribal  
24                 cochairperson shall be compensated by the Federal  
25                 Government at the annual rate of basic pay pre-

1 scribed for level III of the Executive Schedule in  
2 subchapter II of chapter 53 of title 5, United States  
3 Code.

4 “(2) ALTERNATE FEDERAL AND TRIBAL CO-  
5 CHAIRPERSONS.—The alternate Federal cochair-  
6 person and the alternate tribal cochairperson—

7 “(A) shall be compensated by the Federal  
8 Government at the annual rate of basic pay  
9 prescribed for level V of the Executive Schedule  
10 described in paragraph (1); and

11 “(B) when not actively serving as an alter-  
12 nate, shall perform such functions and duties as  
13 are delegated by the Federal cochairperson or  
14 the tribal cochairperson, respectively.

15 “(3) STATE MEMBERS AND ALTERNATES.—

16 “(A) IN GENERAL.—A State shall com-  
17 pensate each member and alternate rep-  
18 resenting the State on the Authority at the rate  
19 established by State law.

20 “(B) NO ADDITIONAL COMPENSATION.—  
21 No State member or alternate member shall re-  
22 ceive any salary, or any contribution to or sup-  
23 plementation of salary from any source other  
24 than the State for services provided by the  
25 member or alternate member to the Authority.

1 “(4) DETAILED EMPLOYEES.—

2 “(A) IN GENERAL.—No person detailed to  
3 serve the Authority under subsection (e)(6)  
4 shall receive any salary or any contribution to  
5 or supplementation of salary for services pro-  
6 vided to the Authority from—

7 “(i) any source other than the State,  
8 tribal, local, or intergovernmental agency  
9 from which the person was detailed; or

10 “(ii) the Authority.

11 “(B) VIOLATION.—Any person that vio-  
12 lates this paragraph shall be fined not more  
13 than \$5,000, imprisoned not more than 1 year,  
14 or both.

15 “(C) APPLICABLE LAW.—The Federal co-  
16 chairperson, the alternate Federal cochair-  
17 person, and any Federal officer or employee de-  
18 tailed to duty on the Authority under sub-  
19 section (e)(5) shall not be subject to subpara-  
20 graph (A), but shall remain subject to sections  
21 202 through 209 of title 18, United States  
22 Code.

23 “(5) ADDITIONAL PERSONNEL.—

24 “(A) COMPENSATION.—

1           “(i) IN GENERAL.—The Authority  
2           may appoint and fix the compensation of  
3           an executive director and such other per-  
4           sonnel as are necessary to enable the Au-  
5           thority to carry out the duties of the Au-  
6           thority.

7           “(ii) EXCEPTION.—Compensation  
8           under clause (i) shall not exceed the max-  
9           imum rate for the Senior Executive Service  
10          under section 5382 of title 5, United  
11          States Code, including any applicable local-  
12          ity-based comparability payment that may  
13          be authorized under section 5304(h)(2)(C)  
14          of that title.

15          “(B) EXECUTIVE DIRECTOR.—The execu-  
16          tive director shall be responsible for—

17                 “(i) the carrying out of the adminis-  
18                 trative duties of the Authority;

19                 “(ii) direction of the Authority staff;  
20                 and

21                 “(iii) such other duties as the Author-  
22                 ity may assign.

23          “(C) NO FEDERAL EMPLOYEE STATUS.—  
24          No member, alternate, officer, or employee of  
25          the Authority (except the Federal cochairperson

1 of the Authority, the alternate and staff for the  
2 Federal cochairperson, and any Federal em-  
3 ployee detailed to the Authority under sub-  
4 section (e)(5)) shall be considered to be a Fed-  
5 eral employee for any purpose.

6 “(i) CONFLICTS OF INTEREST.—

7 “(1) IN GENERAL.—Except as provided under  
8 paragraph (2), no State member, Indian tribe mem-  
9 ber, State alternate, officer, or employee of the Au-  
10 thority shall participate personally and substantially  
11 as a member, alternate, officer, or employee of the  
12 Authority, through decision, approval, disapproval,  
13 recommendation, the rendering of advice, investiga-  
14 tion, or otherwise, in any proceeding, application, re-  
15 quest for a ruling or other determination, contract,  
16 claim, controversy, or other matter in which, to  
17 knowledge of the member, alternate, officer, or em-  
18 ployee, there is a financial interest of—

19 “(A) the member, alternate, officer, or em-  
20 ployee;

21 “(B) the spouse, minor child, partner, or  
22 organization (other than a State or political  
23 subdivision of the State or the Indian tribe) of  
24 the member, alternate, officer, or employee, in  
25 which the member, alternate, officer, or em-

1            ployee is serving as officer, director, trustee,  
2            partner, or employee; or

3            “(C) any person or organization with  
4            whom the member, alternate, officer, or em-  
5            ployee is negotiating or has any arrangement  
6            concerning prospective employment.

7            “(2) DISCLOSURE.—Paragraph (1) shall not  
8            apply if the State member, Indian tribe member, al-  
9            ternate, officer, or employee—

10           “(A) immediately advises the Authority of  
11           the nature and circumstances of the proceeding,  
12           application, request for a ruling or other deter-  
13           mination, contract, claim, controversy, or other  
14           particular matter presenting a potential conflict  
15           of interest;

16           “(B) makes full disclosure of the financial  
17           interest; and

18           “(C) before the proceeding concerning the  
19           matter presenting the conflict of interest, re-  
20           ceives a written determination by the Authority  
21           that the interest is not so substantial as to be  
22           likely to affect the integrity of the services that  
23           the Authority may expect from the State mem-  
24           ber, Indian tribe member, alternate, officer, or  
25           employee.

1           “(3) VIOLATION.—Any person that violates this  
2           subsection shall be fined not more than \$10,000, im-  
3           prisoned not more than 2 years, or both.

4           “(j) VALIDITY OF CONTRACTS, LOANS, AND  
5 GRANTS.—The Authority may declare void any contract,  
6 loan, or grant of or by the Authority in relation to which  
7 the Authority determines that there has been a violation  
8 of any provision under subsection (h)(4) or subsection (i)  
9 of this chapter, or sections 202 through 209 of title 18,  
10 United States Code.

11 **“SEC. 3823. INTERSTATE COOPERATION FOR ECONOMIC**  
12 **OPPORTUNITY AND EFFICIENCY.**

13           “(a) IN GENERAL.—The Authority shall provide as-  
14 sistance to States in developing regional plans to address  
15 multistate economic issues, including plans—

16           “(1) to develop a regional transmission system  
17           for movement of renewable energy to markets out-  
18           side the region;

19           “(2) to address regional transportation con-  
20           cerns, including the establishment of a Northern  
21           Great Plains Regional Transportation Working  
22           Group;

23           “(3) to encourage and support interstate col-  
24           laboration on federally-funded research that is in the  
25           national interest; and

1           “(4) to establish a Regional Working Group on  
2           Agriculture Development and Transportation.

3           “(b) ECONOMIC ISSUES.—The multistate economic  
4 issues referred to in subsection (a) shall include—

5           “(1) renewable energy development and trans-  
6 mission;

7           “(2) transportation planning and economic de-  
8 velopment;

9           “(3) information technology;

10           “(4) movement of freight and individuals within  
11 the region;

12           “(5) federally-funded research at institutions of  
13 higher education; and

14           “(6) conservation land management.

15 **“SEC. 3824. ECONOMIC AND COMMUNITY DEVELOPMENT**  
16 **GRANTS.**

17           “(a) IN GENERAL.—The Authority may approve  
18 grants to States, Indian tribes, local governments, and  
19 public and nonprofit organizations for projects, approved  
20 in accordance with section 3830—

21           “(1) to assist the region in obtaining the job  
22 training, employment-related education, and busi-  
23 ness development (with an emphasis on entrepre-  
24 neurship) that are needed to build and maintain  
25 strong local economies;

1           “(2) to develop the transportation, renewable  
2 energy transmission, and telecommunication infra-  
3 structure of the region for the purpose of facilitating  
4 economic development in the region (except that  
5 grants for this purpose may be made only to States,  
6 Indian tribes, local governments, and nonprofit orga-  
7 nizations);

8           “(3) to provide assistance to severely distressed  
9 and underdeveloped areas that lack financial re-  
10 sources for improving basic public services;

11           “(4) to provide assistance to severely distressed  
12 and underdeveloped areas that lack financial re-  
13 sources for equipping industrial parks and related  
14 facilities; and

15           “(5) to otherwise achieve the purposes of this  
16 chapter.

17           “(b) FUNDING.—

18           “(1) IN GENERAL.—Funds for grants under  
19 subsection (a) may be provided—

20           “(A) entirely from appropriations to carry  
21 out this section;

22           “(B) in combination with funds available  
23 under another Federal grant program; or

24           “(C) from any other source.

1           “(2) PRIORITY OF FUNDING.—To best build the  
2 foundations for long-term economic development and  
3 to complement other Federal, State, and tribal re-  
4 sources in the region, Federal funds available under  
5 this chapter shall be focused on the following activi-  
6 ties:

7           “(A) Basic public infrastructure in dis-  
8 tressed counties and isolated areas of distress.

9           “(B) Transportation and telecommuni-  
10 cation infrastructure for the purpose of facili-  
11 tating economic development in the region.

12           “(C) Business development, with emphasis  
13 on entrepreneurship.

14           “(D) Job training or employment-related  
15 education, with emphasis on use of existing  
16 public educational institutions located in the re-  
17 gion.

18 **“SEC. 3825. SUPPLEMENTS TO FEDERAL GRANT PRO-**  
19 **GRAMS.**

20           “(a) FINDING.—Congress finds that certain States  
21 and local communities of the region may be unable to take  
22 maximum advantage of Federal grant programs for which  
23 the States and communities are eligible because—

1           “(1) the States and communities lack the eco-  
2           nomic resources to provide the required matching  
3           share; or

4           “(2) there are insufficient funds available under  
5           the applicable Federal law authorizing the Federal  
6           grant program to meet pressing needs of the region.

7           “(b) FEDERAL GRANT PROGRAM FUNDING.—Not-  
8           withstanding any provision of law limiting the Federal  
9           share, the areas eligible for assistance, or the authoriza-  
10          tions of appropriations, under any Federal grant program,  
11          and in accordance with subsection (c), the Authority, with  
12          the approval of the Federal cochairperson and with respect  
13          to a project to be carried out in the region—

14           “(1) may increase the Federal share of the  
15           costs of a project under any Federal grant program  
16           to not more than 90 percent (except as provided in  
17           section 3827(b)); and

18           “(2) shall use amounts made available to carry  
19           out this chapter to pay the increased Federal share.

20          “(c) CERTIFICATIONS.—

21           “(1) IN GENERAL.—In the case of any project  
22           for which all or any portion of the basic Federal  
23           share of the costs of the project is proposed to be  
24           paid under this section, no Federal contribution  
25           shall be made until the Federal official admin-

1           istering the Federal law that authorizes the Federal  
2           grant program certifies that the project—

3                   “(A) meets (except as provided in sub-  
4                   section (b)) the applicable requirements of the  
5                   applicable Federal grant program; and

6                   “(B) could be approved for Federal con-  
7                   tribution under the Federal grant program if  
8                   funds were available under the law for the  
9                   project.

10           “(2) CERTIFICATION BY AUTHORITY.—

11                   “(A) IN GENERAL.—The certifications and  
12                   determinations required to be made by the Au-  
13                   thority for approval of projects under this Act  
14                   in accordance with section 3830 shall be—

15                           “(i) controlling; and

16                           “(ii) accepted by the Federal agencies.

17                   “(B) ACCEPTANCE BY FEDERAL COCHAIR-  
18                   PERSON.—In the case of any project described  
19                   in paragraph (1), any finding, report, certifi-  
20                   cation, or documentation required to be sub-  
21                   mitted with respect to the project to the head  
22                   of the department, agency, or instrumentality of  
23                   the Federal Government responsible for the ad-  
24                   ministration of the Federal grant program

1 under which the project is carried out shall be  
2 accepted by the Federal cochairperson.

3 **“SEC. 3826. MULTISTATE AND LOCAL DEVELOPMENT DIS-**  
4 **TRICTS AND ORGANIZATIONS AND NORTH-**  
5 **ERN GREAT PLAINS INC.**

6 “(a) DEFINITION OF MULTISTATE AND LOCAL DE-  
7 VELOPMENT DISTRICT OR ORGANIZATION.—In this sec-  
8 tion, the term ‘multistate and local development district  
9 or organization’ means an entity—

10 “(1) that—

11 “(A) is a planning district that is recog-  
12 nized by the Economic Development Adminis-  
13 tration of the Department of Commerce; or

14 “(B) is—

15 “(i) organized and operated in a man-  
16 ner that ensures broad-based community  
17 participation and an effective opportunity  
18 for other nonprofit groups to contribute to  
19 the development and implementation of  
20 programs in the region;

21 “(ii) a nonprofit incorporated body or-  
22 ganized or chartered under the law of the  
23 State in which the entity is located;

24 “(iii) a nonprofit agency or instru-  
25 mentality of a State or local government;

1           “(iv) a public organization established  
2           before the date of enactment of the Agri-  
3           culture Reform, Food, and Jobs Act of  
4           2012 under State law for creation of multi-  
5           jurisdictional, area-wide planning organiza-  
6           tions;

7           “(v) a nonprofit agency or instrumen-  
8           tality of a State that was established for  
9           the purpose of assisting with multistate co-  
10          operation; or

11          “(vi) a nonprofit association or com-  
12          bination of bodies, agencies, and instru-  
13          mentalities described in clauses (ii)  
14          through (v); and

15          “(2) that has not, as certified by the Authority  
16          (in consultation with the Federal cochairperson or  
17          Secretary, as appropriate)—

18                 “(A) inappropriately used Federal grant  
19                 funds from any Federal source; or

20                 “(B) appointed an officer who, during the  
21                 period in which another entity inappropriately  
22                 used Federal grant funds from any Federal  
23                 source, was an officer of the other entity.

24          “(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL  
25          DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

1           “(1) IN GENERAL.—The Authority may make  
2 grants for administrative expenses under this section  
3 to multistate, local, and regional development dis-  
4 tricts and organizations.

5           “(2) CONDITIONS FOR GRANTS.—

6           “(A) MAXIMUM AMOUNT.—The amount of  
7 any grant awarded under paragraph (1) shall  
8 not exceed 80 percent of the administrative ex-  
9 penses of the multistate, local, or regional de-  
10 velopment district or organization receiving the  
11 grant.

12           “(B) MAXIMUM PERIOD.—No grant de-  
13 scribed in paragraph (1) shall be awarded for a  
14 period of greater than 3 years.

15           “(3) LOCAL SHARE.—The contributions of a  
16 multistate, local, or regional development district or  
17 organization for administrative expenses may be in  
18 cash or in kind, fairly evaluated, including space,  
19 equipment, and services.

20           “(c) DUTIES.—

21           “(1) IN GENERAL.—Except as provided in para-  
22 graph (2), a local development district shall operate  
23 as a lead organization serving multicounty areas in  
24 the region at the local level.

1           “(2) DESIGNATION.—The Federal cochair-  
2           person may designate an Indian tribe or multijuris-  
3           dictional organization to serve as a lead organization  
4           in such cases as the Federal cochairperson or Sec-  
5           retary, as appropriate, determines appropriate.

6           “(d) NORTHERN GREAT PLAINS INC.—Northern  
7           Great Plains Inc., a nonprofit corporation incorporated in  
8           the State of Minnesota to implement the recommendations  
9           of the Northern Great Plains Rural Development Commis-  
10          sion established by the Northern Great Plains Rural De-  
11          velopment Act (7 U.S.C. 2661 note; Public Law 103-  
12          318)—

13           “(1) shall serve as an independent, primary re-  
14           source for the Authority on issues of concern to the  
15           region;

16           “(2) shall advise the Authority on development  
17           of international trade;

18           “(3) may provide research, education, training,  
19           and other support to the Authority; and

20           “(4) may carry out other activities on its own  
21           behalf or on behalf of other entities.

1 **“SEC. 3827. DISTRESSED COUNTIES AND AREAS AND NON-**  
2 **DISTRESSED COUNTIES.**

3 “(a) DESIGNATIONS.—Each year, the Authority, in  
4 accordance with such criteria as the Authority may estab-  
5 lish, shall designate—

6 “(1) as distressed counties, counties in the re-  
7 gion that are the most severely and persistently dis-  
8 tressed and underdeveloped and have high rates of  
9 poverty, unemployment, or outmigration;

10 “(2) as nondistressed counties, counties in the  
11 region that are not designated as distressed counties  
12 under paragraph (1); and

13 “(3) as isolated areas of distress, areas located  
14 in nondistressed counties (as designated under para-  
15 graph (2)) that have high rates of poverty, unem-  
16 ployment, or outmigration.

17 “(b) DISTRESSED COUNTIES.—

18 “(1) IN GENERAL.—The Authority shall allo-  
19 cate at least 50 percent of the appropriations made  
20 available under section 3834 for programs and  
21 projects designed to serve the needs of distressed  
22 counties and isolated areas of distress in the region.

23 “(2) FUNDING LIMITATIONS.—The funding lim-  
24 itations under section 3825(b) shall not apply to a  
25 project to provide transportation or telecommuni-  
26 cation or basic public services to residents of 1 or

1 more distressed counties or isolated areas of distress  
2 in the region.

3 “(c) TRANSPORTATION, TELECOMMUNICATION, RE-  
4 NEWABLE ENERGY, AND BASIC PUBLIC INFRASTRUC-  
5 TURE.—The Authority shall allocate at least 50 percent  
6 of any funds made available under section 3834 for trans-  
7 portation, telecommunication, renewable energy, and basic  
8 public infrastructure projects authorized under para-  
9 graphs (1) and (3) of section 3824(a).

10 **“SEC. 3828. DEVELOPMENT PLANNING PROCESS.**

11 “(a) STATE DEVELOPMENT PLAN.—In accordance  
12 with policies established by the Authority, each State  
13 member shall submit a development plan for the area of  
14 the region represented by the State member.

15 “(b) CONTENT OF PLAN.—A State development plan  
16 submitted under subsection (a) shall reflect the goals, ob-  
17 jectives, and priorities identified in the regional develop-  
18 ment plan developed under section 3823(d)(2).

19 “(c) CONSULTATION WITH INTERESTED LOCAL PAR-  
20 TIES.—In carrying out the development planning process  
21 (including the selection of programs and projects for as-  
22 sistance), a State may—

23 “(1) consult with—

24 “(A) multistate, regional, and local devel-  
25 opment districts and organizations; and

1 “(B) local units of government; and

2 “(2) take into consideration the goals, objec-  
3 tives, priorities, and recommendations of the entities  
4 described in paragraph (1).

5 “(d) PUBLIC PARTICIPATION.—

6 “(1) IN GENERAL.—The Authority and applica-  
7 ble multistate, regional, and local development dis-  
8 tricts and organizations shall encourage and assist,  
9 to the maximum extent practicable, public participa-  
10 tion in the development, revision, and implementa-  
11 tion of all plans and programs under this chapter.

12 “(2) REGULATIONS.—The Authority shall de-  
13 velop guidelines for providing public participation  
14 described in paragraph (1), including public hear-  
15 ings.

16 **“SEC. 3829. PROGRAM DEVELOPMENT CRITERIA.**

17 “(a) IN GENERAL.—In considering programs and  
18 projects to be provided assistance under this chapter, and  
19 in establishing a priority ranking of the requests for as-  
20 sistance provided to the Authority, the Authority shall fol-  
21 low procedures that ensure, to the maximum extent prac-  
22 ticable, consideration of—

23 “(1) the relationship of the project or class of  
24 projects to overall multistate or regional develop-  
25 ment;

1           “(2) the per capita income and poverty and un-  
2           employment and outmigration rates in an area;

3           “(3) the financial resources available to the ap-  
4           plicants for assistance seeking to carry out the  
5           project, with emphasis on ensuring that projects are  
6           adequately financed to maximize the probability of  
7           successful economic development;

8           “(4) the importance of the project or class of  
9           projects in relation to other projects or classes of  
10          projects that may be in competition for the same  
11          funds;

12          “(5) the prospects that the project for which as-  
13          sistance is sought will improve, on a continuing rath-  
14          er than a temporary basis, the opportunities for em-  
15          ployment, the average level of income, or the eco-  
16          nomic development of the area to be served by the  
17          project; and

18          “(6) the extent to which the project design pro-  
19          vides for detailed outcome measurements by which  
20          grant expenditures and the results of the expendi-  
21          tures may be evaluated.

22          “(b) NO RELOCATION ASSISTANCE.—

23                 “(1) IN GENERAL.—Except as provided in para-  
24                 graph (2), no financial assistance authorized by this

1 chapter shall be used to assist a person or entity in  
2 relocating from 1 area to another.

3 “(2) OUTSIDE BUSINESSES.—Financial assist-  
4 ance under this chapter may be used as otherwise  
5 authorized by this title to attract businesses from  
6 outside the region to the region.

7 “(c) MAINTENANCE OF EFFORT.—Funds may be  
8 provided for a program or project in a State under this  
9 chapter only if the Authority determines that the level of  
10 Federal or State financial assistance provided under a law  
11 other than this chapter, for the same type of program or  
12 project in the same area of the State within the region,  
13 will not be reduced as a result of funds made available  
14 by this chapter.

15 **“SEC. 3830. APPROVAL OF DEVELOPMENT PLANS AND**  
16 **PROJECTS.**

17 “(a) IN GENERAL.—A State or regional development  
18 plan or any multistate subregional plan that is proposed  
19 for development under this chapter shall be reviewed by  
20 the Authority.

21 “(b) EVALUATION BY STATE MEMBER.—An applica-  
22 tion for a grant or any other assistance for a project under  
23 this chapter shall be made through and evaluated for ap-  
24 proval by the State member of the Authority representing  
25 the applicant.

1           “(c) CERTIFICATION.—An application for a grant or  
2 other assistance for a project shall be approved only on  
3 certification by the State member that the application for  
4 the project—

5           “(1) describes ways in which the project com-  
6 plies with any applicable State development plan;

7           “(2) meets applicable criteria under section  
8 3829;

9           “(3) provides adequate assurance that the pro-  
10 posed project will be properly administered, oper-  
11 ated, and maintained; and

12           “(4) otherwise meets the requirements of this  
13 chapter.

14           “(d) VOTES FOR DECISIONS.—On certification by a  
15 State member of the Authority of an application for a  
16 grant or other assistance for a specific project under this  
17 section, an affirmative vote of the Authority under section  
18 3822(c) shall be required for approval of the application.

19 **“SEC. 3831. CONSENT OF STATES.**

20           ““Nothing in this chapter requires any State to en-  
21 gage in or accept any program under this chapter without  
22 the consent of the State.

23 **“SEC. 3832. RECORDS.**

24           “(a) RECORDS OF THE AUTHORITY.—

1           “(1) IN GENERAL.—The Authority shall main-  
2           tain accurate and complete records of all trans-  
3           actions and activities of the Authority.

4           “(2) AVAILABILITY.—All records of the Author-  
5           ity shall be available for audit and examination by  
6           the Comptroller General of the United States and  
7           the Inspector General of the Department of Agri-  
8           culture (including authorized representatives of the  
9           Comptroller General and the Inspector General of  
10          the Department of Agriculture).

11          “(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-  
12          ANCE.—

13           “(1) IN GENERAL.—A recipient of Federal  
14           funds under this chapter shall, as required by the  
15           Authority, maintain accurate and complete records  
16           of transactions and activities financed with Federal  
17           funds and report to the Authority on the trans-  
18           actions and activities to the Authority.

19           “(2) AVAILABILITY.—All records required  
20           under paragraph (1) shall be available for audit by  
21           the Comptroller General of the United States, the  
22           Inspector General of the Department of Agriculture,  
23           and the Authority (including authorized representa-  
24           tives of the Comptroller General, the Inspector Gen-

1       eral of the Department of Agriculture, and the Au-  
2       thority).

3       “(c) ANNUAL AUDIT.—The Inspector General of the  
4 Department of Agriculture shall audit the activities, trans-  
5 actions, and records of the Authority on an annual basis.

6 **“SEC. 3833. ANNUAL REPORT.**

7       “Not later than 180 days after the end of each fiscal  
8 year, the Authority shall submit to the President and to  
9 Congress a report describing the activities carried out  
10 under this chapter.

11 **“SEC. 3834. AUTHORIZATION OF APPROPRIATIONS.**

12       “(a) IN GENERAL.—There is authorized to be appro-  
13 priated to the Authority to carry out this chapter  
14 \$30,000,000 for each of fiscal years 2012 through 2017,  
15 to remain available until expended.

16       “(b) ADMINISTRATIVE EXPENSES.—Not more than 5  
17 percent of the amount appropriated under subsection (a)  
18 for a fiscal year shall be used for administrative expenses  
19 of the Authority.

20       “(c) MINIMUM STATE SHARE OF GRANTS.—Notwith-  
21 standing any other provision of this chapter, for any fiscal  
22 year, the aggregate amount of grants received by a State  
23 and all persons or entities in the State under this chapter  
24 shall be not less than  $\frac{1}{3}$  of the product obtained by multi-  
25 plying—

1           “(1) the aggregate amount of grants under this  
2 chapter for the fiscal year; and

3           “(2) the ratio that—

4                 “(A) the population of the State (as deter-  
5 mined by the Secretary of Commerce based on  
6 the most recent decennial census for which data  
7 are available); bears to

8                 “(B) the population of the region (as so  
9 determined).

10 **“SEC. 3835. TERMINATION OF AUTHORITY.**

11           “The authority provided by this chapter terminates  
12 effective October 1, 2017.

13 **“Subtitle C—General Provisions**

14 **“SEC. 3901. FULL FAITH AND CREDIT.**

15           “(a) IN GENERAL.—A contract of insurance or guar-  
16 antee executed by the Secretary under this title shall be  
17 an obligation supported by the full faith and credit of the  
18 United States.

19           “(b) CONTESTABILITY.—A contract of insurance or  
20 guarantee executed by the Secretary under this title shall  
21 be incontestable except for fraud or misrepresentation that  
22 the lender or any holder—

23                 “(1) has actual knowledge of at the time the  
24 contract of insurance or guarantee is executed; or

25                 “(2) participates in or condones.

1 **“SEC. 3902. PURCHASE AND SALE OF GUARANTEED POR-**  
2 **TIONS OF LOANS.**

3 “(a) IN GENERAL.—Subject to subsections (b) and  
4 (c), the Secretary may purchase, on such terms and condi-  
5 tions as the Secretary considers appropriate, the guaran-  
6 teed portion of a loan guaranteed under this title, if the  
7 Secretary determines that an adequate secondary market  
8 is not available in the private sector.

9 “(b) MAXIMUM PAYMENT.—The Secretary may not  
10 pay for any guaranteed portion of a loan under subsection  
11 (a) in excess of an amount equal to the unpaid principal  
12 balance and accrued interest on the guaranteed portion  
13 of the loan.

14 “(c) SOURCES OF FUNDING.—The Secretary may use  
15 for the purchases—

16 “(1) funds from the Rural Development Insur-  
17 ance Fund with respect to rural development loans  
18 (as defined in section 3704(a)); and

19 “(2) funds from the Agricultural Credit Insur-  
20 ance Fund with respect to all other loans under this  
21 title.

22 “(d) SALE OF GUARANTEED LOANS.—

23 “(1) SALES.—

24 “(A) REGULATION.—

25 “(i) IN GENERAL.—The guaranteed  
26 portion of any loan made under this title

1           may be sold by the lender, and by any sub-  
2           sequent holder, in accordance with such  
3           regulations governing the sales as the Sec-  
4           retary shall establish, subject to clauses (ii)  
5           and (iii).

6           “(ii) FEES TO BE PAID IN FULL.—All  
7           fees due the Secretary with respect to a  
8           guaranteed loan shall be paid in full before  
9           any sale.

10          “(iii) LOAN TO BE FULLY DIS-  
11          BURSED.—The loan shall be fully dis-  
12          bursed to the borrower before the sale.

13          “(B) POST-SALE.—After a loan is sold in  
14          the secondary market, the lender shall—

15                 “(i) remain obligated under the guar-  
16                 antee agreement of the lender with the  
17                 Secretary; and

18                 “(ii) continue to service the loan in  
19                 accordance with the terms and conditions  
20                 of that agreement.

21          “(C) PROCEDURES.—The Secretary shall  
22          develop such procedures as are necessary for—

23                 “(i) the facilitation, administration,  
24                 and promotion of secondary market oper-  
25                 ations; and

1                   “(ii) determining the increase of ac-  
2                   cess of farmers to capital at reasonable  
3                   rates and terms as a result of secondary  
4                   market operations.

5                   “(D) RIGHTS TO PREPAY.—This sub-  
6                   section does not impede or extinguish—

7                   “(i) the right of the borrower or the  
8                   successor in interest to the borrower to  
9                   prepay (in whole or in part) any loan made  
10                  under this title; or

11                  “(ii) the rights of any party under any  
12                  provision of this title.

13                  “(2) ISSUE POOL CERTIFICATES.—

14                  “(A) IN GENERAL.—The Secretary may,  
15                  directly or through a market maker approved  
16                  by the Secretary, issue pool certificates rep-  
17                  resenting ownership of part or all of the guar-  
18                  anteed portion of any loan guaranteed by the  
19                  Secretary under this title.

20                  “(B) APPROVAL.—Certificates under sub-  
21                  paragraph (A) shall be based on and backed by  
22                  a pool established or approved by the Secretary  
23                  and composed solely of the entire guaranteed  
24                  portion of the loans.

1           “(C) GUARANTEE OF POOL.—On such  
2 terms and conditions as the Secretary considers  
3 appropriate, the Secretary may guarantee the  
4 timely payment of the principal and interest on  
5 pool certificates issued on behalf of the Sec-  
6 retary by approved market makers for purposes  
7 of this subsection.

8           “(D) LIMITATIONS.—A guarantee under  
9 subparagraph (C) shall be limited to the extent  
10 of principal and interest on the guaranteed por-  
11 tions of loans that compose the pool.

12           “(E) PREPAYMENT.—If a loan in a pool is  
13 prepaid, either voluntarily or by reason of de-  
14 fault, the guarantee of timely payment of prin-  
15 cipal and interest on the pool certificates shall  
16 be reduced in proportion to the amount of prin-  
17 cipal and interest that the prepaid loan rep-  
18 represents in the pool.

19           “(F) INTEREST ACCRUAL.—Interest on  
20 prepaid or defaulted loans shall accrue and be  
21 guaranteed by the Secretary only through the  
22 date of payment on the guarantee.

23           “(G) REDEMPTION.—During the term of  
24 the pool certificate, the certificate may be called

1           for redemption due to prepayment or default of  
2           all loans constituting the pool.

3           “(H) FULL FAITH AND CREDIT.—The full  
4           faith and credit of the United States is pledged  
5           to the payment of all amounts that may be re-  
6           quired to be paid under any guarantee of the  
7           pool certificates issued by approved market  
8           makers under this subsection.

9           “(I) FEES.—

10           “(i) IN GENERAL.—The Secretary  
11           shall not collect any fee for any guarantee  
12           under this subsection.

13           “(ii) SECRETARIAL FUNCTIONS.—  
14           Clause (i) does not preclude the Secretary  
15           from collecting a fee for the functions de-  
16           scribed in paragraph (3).

17           “(J) DEFAULT.—Not later than 30 days  
18           after a borrower of a guaranteed loan is in de-  
19           fault of any principal or interest payment due  
20           for 60 days or more, the Secretary shall—

21           “(i) purchase the pool certificates rep-  
22           resenting ownership of the guaranteed por-  
23           tion of the loan; and

24           “(ii) pay the registered holder of the  
25           certificates an amount equal to the guaran-



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1                   “(I) identification of the interest  
2                   rate paid by the borrower to the lend-  
3                   er;

4                   “(II) the servicing fee of the  
5                   lender;

6                   “(III) disclosure of whether in-  
7                   terest on the loan is at a fixed or vari-  
8                   able rate;

9                   “(IV) identification of each pur-  
10                  chaser of a pool certificate;

11                  “(V) the interest rate paid on the  
12                  certificate; and

13                  “(VI) such other information as  
14                  the Secretary considers appropriate.

15                  “(ii) before any sale, require the seller  
16                  (as defined in subparagraph (B) to disclose  
17                  to each prospective purchaser of the por-  
18                  tion of a loan guaranteed under this title  
19                  and to each prospective purchaser of a pool  
20                  certificate issued under paragraph (2) in-  
21                  formation on the terms, conditions, and  
22                  yield of such instrument;

23                  “(iii) provide for adequate custody of  
24                  any pooled guaranteed loans;

1           “(iv) take such actions as are nec-  
2           essary, in restructuring pools of the guar-  
3           anteed portion of loans, to minimize the es-  
4           timated costs of paying claims under guar-  
5           antees issued under this subsection;

6           “(v) require each market maker—

7                   “(I) to service all pools formed,  
8                   and participations sold, by the market  
9                   maker; and

10                   “(II) to provide the Secretary  
11                   with information relating to the collec-  
12                   tion and disbursement of all periodic  
13                   payments, prepayments, and default  
14                   funds from lenders, to or from the re-  
15                   serve fund that the Secretary shall es-  
16                   tablish to enable the timely payment  
17                   guarantee to be self-funding, and  
18                   from all beneficial holders; and

19           “(vi) regulate market makers in pool  
20           certificates sold under this subsection.

21           “(B) DEFINITION OF SELLER.—For pur-  
22           poses of subparagraph (A)(ii), if the instrument  
23           being sold is a loan, the term ‘seller’ does not  
24           include—

25                   “(i) the person who made the loan; or

1                   “(ii) any person who sells 3 or fewer  
2                   guaranteed loans per year.

3                   “(4) CONTRACT FOR SERVICES.—The Secretary  
4                   may contract for goods and services to be used for  
5                   the purposes of this subsection without regard to ti-  
6                   tles 5, 40, and 41, United States Code (including  
7                   any regulations issued under those titles).

8   **“SEC. 3903. ADMINISTRATION.**

9                   “(a) POWERS OF SECRETARY.—The Secretary  
10                  may—

11                  “(1)(A) administer the powers and duties of the  
12                  Secretary through such national, area, State, or  
13                  local offices and employees in the United States as  
14                  the Secretary determines to be necessary; and

15                  “(B) authorize an office to serve an area com-  
16                  posed of 2 or more States if the Secretary deter-  
17                  mines that the volume of business in the area is not  
18                  sufficient to justify separate State offices;

19                  “(2)(A) accept and use voluntary and uncom-  
20                  pensated services; and

21                  “(B) with the consent of the agency concerned,  
22                  use the officers, employees, equipment, and informa-  
23                  tion of any agency of the Federal Government, or of  
24                  any State, territory, or political subdivision;

1           “(3) subject to appropriations, make necessary  
2           expenditures for the purchase or hire of passenger  
3           vehicles, and such other facilities and services as the  
4           Secretary may from time to time find necessary for  
5           the proper administration of this title;

6           “(4) subject to subsection (b), compromise, ad-  
7           just, reduce, or charge-off debts or claims (including  
8           debts and claims arising from loan guarantees), and  
9           adjust, modify, subordinate, or release the terms of  
10          security instruments, leases, contracts, and agree-  
11          ments entered into or administered by the Secretary  
12          under this title, except for activities conducted under  
13          the Housing Act of 1949 (42 U.S.C. 1441 et seq.);

14          “(5)(A) except for activities conducted under  
15          the Housing Act of 1949 (42 U.S.C. 1441 et seq.),  
16          collect all claims and obligations administered by the  
17          Farm Service Agency, the Rural Utilities Service,  
18          the Rural Housing Service, or the Rural Business-  
19          Cooperative Service, or under any mortgage, lease,  
20          contract, or agreement entered into or administered  
21          by the Agency or Service; and

22          “(B) if the Secretary determines the action is  
23          necessary and advisable, pursue the collection to  
24          final collection in any court having jurisdiction;

1           “(6) release mortgage and other contract liens  
2 if it appears that the mortgage and liens have no  
3 present or prospective value or that the enforcement  
4 of the mortgage and liens likely would be ineffectual  
5 or uneconomical;

6           “(7) obtain fidelity bonds protecting the Fed-  
7 eral Government against fraud and dishonesty of of-  
8 ficers and employees of the Farm Service Agency,  
9 the Rural Utilities Service, the Rural Housing Serv-  
10 ice, or the Rural Business-Cooperative Service in  
11 lieu of faithful performance of duties bonds under  
12 section 14 of title 6, United States Code, but other-  
13 wise in accordance with the section;

14           “(8) consent to—

15           “(A) long-term leases of facilities financed  
16 under this title notwithstanding the failure of  
17 the lessee to meet any of the requirements of  
18 this title if the long-term leases are necessary to  
19 ensure the continuation of services for which fi-  
20 nancing was extended to the lessor; and

21           “(B) the transfer of property securing any  
22 loan or financed by any loan or grant made or  
23 guaranteed by the Farm Service Agency, the  
24 Rural Utilities Service, the Rural Housing Serv-  
25 ice, or the Rural Business-Cooperative Service

1           under this title, or any other law administered  
2           by the Secretary, on such terms as the Sec-  
3           retary considers necessary to carry out the pur-  
4           pose of the loan or grant or to protect the fi-  
5           nancial interest of the Federal Government,  
6           provided that the Secretary shall document the  
7           consent of the Secretary for the transfer of the  
8           property of a borrower in the file of the bor-  
9           rower; and

10           “(9) notwithstanding that an area ceases, or  
11           has ceased, to be rural, in a rural area, or an eligible  
12           area, make loans and grants, and approve transfers  
13           and assumptions, under this title on the same basis  
14           as though the area still was rural in connection with  
15           property securing any loan made or guaranteed by  
16           the Secretary under this title or in connection with  
17           any property held by the Secretary under this title.

18           “(b) LOAN ADJUSTMENTS.—

19           “(1) NO LIQUIDATION OF PROPERTY.—The  
20           Secretary may not require liquidation of property se-  
21           curing any farmer program loan or acceleration of  
22           any payment required under any farmer program  
23           loan as a prerequisite to initiating an action author-  
24           ized under subsection (a).

25           “(2) RELEASE OF PERSONAL LIABILITY.—

1           “(A) IN GENERAL.—Except as provided in  
2           subparagraph (B), the Secretary may release a  
3           borrower or other person obligated on a debt  
4           (other than debt incurred under the Housing  
5           Act of 1949 (42 U.S.C. 1441 et seq.)) from  
6           personal liability with or without payment of  
7           any consideration at the time of the com-  
8           promise, adjustment, reduction, or charge-off of  
9           any claim.

10           “(B) EXCEPTION.—No compromise, ad-  
11           justment, reduction, or charge-off of any claim  
12           may be made or carried out—

13                   “(i) in the case of a farmer program  
14                   loan, on terms more favorable than the  
15                   terms recommended by the county com-  
16                   mittee; or

17                   “(ii) after the claim has been referred  
18                   to the Attorney General, unless the Attor-  
19                   ney General approves.

20           “(3) RURAL ELECTRIFICATION SECURITY IN-  
21           STRUMENTS.—In the case of a security instrument  
22           entered into under the Rural Electrification Act of  
23           1936 (7 U.S.C. 901 et seq.), the Secretary shall no-  
24           tify the Attorney General of the intent of the Sec-

1       retary to exercise the authority of the Secretary  
2       under paragraph (2).

3       “(c) SIMPLIFIED APPLICATION FORMS FOR LOAN  
4       GUARANTEES.—

5               “(1) IN GENERAL.—The Secretary shall provide  
6       to lenders a short, simplified application form for  
7       guarantees under this title of—

8               “(A) farmer program loans the principal  
9       amount of which is \$125,000 or less; and

10              “(B) business and industry guaranteed  
11       loans under section 3601(a)(2)(A) the principal  
12       amount of which is—

13              “(i) in the case of a loan guarantee  
14       made during fiscal year 2002 or 2003,  
15       \$400,000 or less; and

16              “(ii) in the case of a loan guarantee  
17       made during any subsequent fiscal year—

18              “(I) \$400,000 or less; or

19              “(II) if the Secretary determines  
20       that there is not a significant in-  
21       creased risk of a default on the loan,  
22       \$600,000 or less.

23              “(2) WATER AND WASTE DISPOSAL GRANTS  
24       AND LOANS.—The Secretary shall develop an appli-  
25       cation process that accelerates, to the maximum ex-

1       tent practicable, the processing of applications for  
2       water and waste disposal grants or direct or guaran-  
3       teed loans under section 3501(a)(1) the grant award  
4       amount or principal loan amount, respectively, of  
5       which is \$300,000 or less.

6               “(3) ADMINISTRATION.—In developing an ap-  
7       plication under this subsection, the Secretary shall—

8                       “(A) consult with commercial and coopera-  
9       tive lenders; and

10                      “(B) ensure that—

11                               “(i) the form can be completed manu-  
12                               ally or electronically, at the option of the  
13                               lender;

14                               “(ii) the form minimizes the docu-  
15                               mentation required to accompany the form;

16                               “(iii) the cost of completing and proc-  
17                               essing the form is minimal; and

18                               “(iv) the form can be completed and  
19                               processed in an expeditious manner.

20               “(d) USE OF ATTORNEYS FOR PROSECUTION OR DE-  
21       FENSE OF CLAIMS.—The Secretary may use for the pros-  
22       ecution or defense of any claim or obligation described in  
23       subsection (a)(5) the Attorney General, the General Coun-  
24       sel of the Department, or a private attorney who has en-  
25       tered into a contract with the Secretary.

1           “(e) PRIVATE COLLECTION AGENCY.—The Secretary  
2 may use a private collection agency to collect a claim or  
3 obligation described in subsection (a)(5).

4           “(f) SECURITY SERVICING.—

5               “(1) IN GENERAL.—The Secretary may—

6                       “(A) make advances, without regard to any  
7 loan or total indebtedness limitation, to pre-  
8 serve and protect the security for, or the lien or  
9 priority of the lien securing any loan or other  
10 indebtedness owing to or acquired by the Sec-  
11 retary under this title or under any other pro-  
12 gram administered by the Farm Service Agen-  
13 cy, the Rural Utilities Service, the Rural Hous-  
14 ing Service, or the Rural Business-Cooperative  
15 Service applicable program, as determined by  
16 the Secretary; and

17                       “(B)(i) bid for and purchase at any execu-  
18 tion, foreclosure, or other sale or otherwise ac-  
19 quire property on which the United States has  
20 a lien by reason of a judgment or execution  
21 arising from, or that is pledged, mortgaged,  
22 conveyed, attached, or levied on to secure the  
23 payment of, the indebtedness regardless of  
24 whether the property is subject to other liens;

1           “(ii) accept title to any property so pur-  
2           chased or acquired; and

3           “(iii) sell, manage, or otherwise dispose of  
4           the property in accordance with this subsection.

5           “(2) OPERATION OR LEASE OF REALTY.—Ex-  
6           cept as provided in subsections (c) and (e), real  
7           property administered under this title may be oper-  
8           ated or leased by the Secretary for such period as  
9           the Secretary may consider necessary to protect the  
10          investment of the Federal Government in the prop-  
11          erty.

12          “(g) PAYMENTS TO LENDERS.—

13           “(1) REQUIREMENT.—Not later than 90 days  
14           after a court of competent jurisdiction confirms a  
15           plan of reorganization under chapter 12 of title 11,  
16           United States Code, for any borrower to whom a  
17           lender has made a loan guaranteed under this title,  
18           the Secretary shall pay the lender an amount esti-  
19           mated by the Secretary to be equal to the loss in-  
20           curred by the lender for purposes of the guarantee.

21           “(2) PAYMENT TOWARD LOAN GUARANTEE.—  
22           Any amount paid to a lender under this subsection  
23           with respect to a loan guaranteed under this title  
24           shall be treated as payment towards satisfaction of  
25           the loan guarantee.

1 **“SEC. 3904. LOAN MORATORIUM AND POLICY ON FORE-**  
2 **CLOSURES.**

3       “(a) IN GENERAL.—In addition to any other author-  
4 ity that the Secretary may have to defer principal and in-  
5 terest and forgo foreclosure, the Secretary may permit, at  
6 the request of the borrower, the deferral of principal and  
7 interest on any outstanding loan made or guaranteed by  
8 the Secretary under this title, or under any other law ad-  
9 ministered by the Farm Service Agency, the Rural Utili-  
10 ties Service, the Rural Housing Service, or the Rural Busi-  
11 ness-Cooperative Service, and may forgo foreclosure of the  
12 loan, for such period as the Secretary considers necessary  
13 on a showing by the borrower that, due to circumstances  
14 beyond the control of the borrower, the borrower is tempo-  
15 rarily unable to continue making payments of the principal  
16 and interest when due without unduly impairing the  
17 standard of living of the borrower.

18       “(b) INTEREST.—

19               “(1) IN GENERAL.—Except as provided in para-  
20 graph (2), the Secretary may permit any loan de-  
21 ferred under this section to bear no interest during  
22 or after the deferral period.

23               “(2) EXCEPTION.—If the security instrument  
24 securing the loan is foreclosed, such interest as is in-  
25 cluded in the purchase price at the foreclosure shall

1       become part of the principal and draw interest from  
2       the date of foreclosure at the rate prescribed by law.

3       “(c) MORATORIUM REGARDING CIVIL RIGHTS  
4 CLAIMS.—

5           “(1) IN GENERAL.—Except as otherwise pro-  
6       vided in this subsection, effective beginning on May  
7       22, 2008, there shall be in effect a moratorium, with  
8       respect to farmer program loans made under subtitle  
9       A, B, or C, on all acceleration and foreclosure pro-  
10      ceedings instituted by the Department against any  
11      farmer or rancher who—

12           “(A) has pending against the Department  
13      a claim of program discrimination that is ac-  
14      cepted by the Department as valid; or

15           “(B) files a claim of program discrimina-  
16      tion that is accepted by the Department as  
17      valid.

18           “(2) WAIVER OF INTEREST AND OFFSETS.—  
19      During the period of the moratorium, the Secretary  
20      shall waive the accrual of interest and offsets on all  
21      farmer program loans made under subtitle A, B, or  
22      C for which loan acceleration or foreclosure pro-  
23      ceedings have been suspended under paragraph (1).

24           “(3) TERMINATION OF MORATORIUM.—The  
25      moratorium shall terminate with respect to a claim

1 of discrimination by a farmer or rancher on the ear-  
2 lier of—

3 “(A) the date the Secretary resolves the  
4 claim; or

5 “(B) if the farmer or rancher appeals the  
6 decision of the Secretary on the claim to a  
7 court of competent jurisdiction, the date that  
8 the court renders a final decision on the claim.

9 “(4) FAILURE TO PREVAIL.—If a farmer or  
10 rancher does not prevail on a claim of discrimination  
11 described in paragraph (1), the farmer or rancher  
12 shall be liable for any interest and offsets that ac-  
13 crued during the period that loan acceleration or  
14 foreclosure proceedings have been suspended under  
15 paragraph (1).

16 **“SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON LOANS.**

17 “(a) IN GENERAL.—The Secretary shall permit a  
18 borrower of a loan made or guaranteed under this title  
19 to make a prospective payment on the loan with proceeds  
20 from—

21 “(1) the leasing of oil, gas, or other mineral  
22 rights to real property used to secure the loan; or

23 “(2) the sale of oil, gas, or other minerals re-  
24 moved from real property used to secure the loan, if

1 the value of the rights to the oil, gas, or other min-  
2 erals has not been used to secure the loan.

3 “(b) APPLICABILITY.—Subsection (a) shall not apply  
4 to a borrower of a loan made or guaranteed under this  
5 title with respect to which a liquidation or foreclosure pro-  
6 ceeding was pending on December 23, 1985.

7 **“SEC. 3906. TAXATION.**

8 “(a) IN GENERAL.—Except as provided in subsection  
9 (b), all property subject to a lien held by the United States  
10 or the title to which is acquired or held by the Secretary  
11 under this title (other than property used for administra-  
12 tive purposes) shall be subject to taxation by State, terri-  
13 tory, district, and local political subdivisions in the same  
14 manner and to the same extent as other property is taxed.

15 “(b) EXCEPTIONS.—No tax shall be imposed or col-  
16 lected as described in subsection (a) if the tax (whether  
17 as a tax on the instrument or in connection with con-  
18 veying, transferring, or recording the instrument) is based  
19 on—

20 “(1) the value of any notes or mortgages or  
21 other lien instruments held by or transferred to the  
22 Secretary;

23 “(2) any notes or lien instruments administered  
24 under this title that are made, assigned, or held by  
25 a person otherwise liable for the tax; or

1           “(3) the value of any property conveyed or  
2 transferred to the Secretary.

3           “(c) FAILURE TO PAY OR COLLECT TAX.—The fail-  
4 ure to pay or collect a tax under subsection (a) shall not—

5           “(1) be a ground for—

6           “(A) refusal to record or file an instru-  
7 ment; or

8           “(B) failure to provide notice; or

9           “(2) prevent the enforcement of the instrument  
10 in any Federal or State court.

11 **“SEC. 3907. CONFLICTS OF INTEREST.**

12           “(a) ACCEPTANCE OF CONSIDERATION PROHIB-  
13 ITED.—No officer, attorney, or other employee of the De-  
14 partment shall, directly or indirectly, be the beneficiary  
15 of or receive any fee, commission, gift, or other consider-  
16 ation for or in connection with any transaction or business  
17 under this title other than such salary, fee, or other com-  
18 pensation as the officer, attorney, or employee may receive  
19 as the officer, attorney, or employee.

20           “(b) ACQUISITION OF INTEREST IN LAND PROHIB-  
21 ITED.—

22           “(1) IN GENERAL.—Except as provided in para-  
23 graph (2), no officer or employee of the Department  
24 who acts on or reviews an application made by any  
25 person under this title for a loan to purchase land

1       may acquire, directly or indirectly, any interest in  
2       the land for a period of 3 years after the date on  
3       which the action is taken or the review is made.

4               “(2) FORMER COUNTY COMMITTEE MEM-  
5       BERS.—Paragraph (1) shall not apply to a former  
6       member of a county committee on a determination  
7       by the Secretary, prior to the acquisition of the in-  
8       terest, that the former member acted in good faith  
9       when acting on or reviewing the application.

10       “(c) CERTIFICATIONS ON LOANS TO FAMILY MEM-  
11       BERS PROHIBITED.—No member of a county committee  
12       shall knowingly make or join in making any certification  
13       with respect to—

14               “(1) a loan to purchase any land in which the  
15       member, or any person related to the member within  
16       the second degree of consanguinity or affinity, has  
17       or may acquire any interest; or

18               “(2) any applicant related to the member within  
19       the second degree of consanguinity or affinity.

20       “(d) PENALTIES.—Any person violating this section  
21       shall, on conviction of the violation, be punished by a fine  
22       of not more than \$2,000 or imprisonment for not more  
23       than 2 years, or both.

1 **“SEC. 3908. LOAN SUMMARY STATEMENTS.**

2 “(a) DEFINITION OF SUMMARY PERIOD.—In this  
3 section, the term ‘summary period’ means the period be-  
4 ginning on the date of issuance of the preceding loan sum-  
5 mary statement and ending on the date of issuance of the  
6 current loan summary statement.

7 “(b) ISSUANCE OF STATEMENTS.—On the request of  
8 a borrower of a loan made (but not guaranteed) under  
9 this title, the Secretary shall issue to the borrower a loan  
10 summary statement that reflects the account activity dur-  
11 ing the summary period for each loan made under this  
12 title to the borrower, including—

13 “(1) the outstanding amount of principal due  
14 on each loan at the beginning of the summary pe-  
15 riod;

16 “(2) the interest rate charged on each loan;

17 “(3) the amount of payments made on, and the  
18 application of the payments to, each loan during the  
19 summary period and an explanation of the basis for  
20 the application of the payments;

21 “(4) the amount of principal and interest due  
22 on each loan at the end of the summary period;

23 “(5) the total amount of unpaid principal and  
24 interest on all loans at the end of the summary pe-  
25 riod;

1           “(6) any delinquency in the repayment of any  
2           loan;

3           “(7) a schedule of the amount and date of pay-  
4           ments due on each loan; and

5           “(8) the procedure the borrower may use to ob-  
6           tain more information concerning the status of the  
7           loans.

8   **“SEC. 3909. CERTIFIED LENDERS PROGRAM.**

9           “(a) CERTIFIED LENDERS PROGRAM.—

10           “(1) IN GENERAL.—The Secretary shall estab-  
11           lish a program under which the Secretary shall  
12           guarantee loans under this title that are made by  
13           lending institutions certified by the Secretary.

14           “(2) CERTIFICATION REQUIREMENTS.—The  
15           Secretary shall certify a lending institution that  
16           meets such criteria as the Secretary may prescribe  
17           in regulations, including the ability of the institution  
18           to properly make, service, and liquidate the loans of  
19           the institution.

20           “(3) CONDITION OF CERTIFICATION.—

21           “(A) IN GENERAL.—As a condition of the  
22           certification, the Secretary shall require the in-  
23           stitution to undertake to service the loans guar-  
24           anteed by the Secretary under this section,  
25           using standards that are not less stringent than

1 generally accepted banking standards con-  
2 cerning loan servicing employed by prudent  
3 commercial or cooperative lenders.

4 “(B) MONITORING.—The Secretary shall,  
5 at least annually, monitor the performance of  
6 each certified lender to ensure that the condi-  
7 tions of the certification are being met.

8 “(4) EFFECT OF CERTIFICATION.—Notwith-  
9 standing any other provision of law:

10 “(A) AMOUNT OF LOAN GUARANTEE.—In  
11 the case of a loan made or guaranteed under  
12 subtitle A, the Secretary shall guarantee 80  
13 percent of a loan made under this section by a  
14 certified lending institution as described in  
15 paragraph (1), subject to county committee cer-  
16 tification that the borrower of the loan meets  
17 the eligibility requirements and such other cri-  
18 teria as may be applicable to loans guaranteed  
19 by the Secretary under other provisions of this  
20 title.

21 “(B) CERTIFICATIONS BY LENDING INSTI-  
22 TUTIONS.—In the case of loans to be guaran-  
23 teed by the Secretary under this section, the  
24 Secretary shall permit certified lending institu-

1           tions to make appropriate certifications (as pro-  
2           vided by regulations issued by the Secretary)—

3                   “(i) relating to issues such as credit-  
4                   worthiness, repayment ability, adequacy of  
5                   collateral, and feasibility of farm operation;  
6                   and

7                   “(ii) that the borrower is in compli-  
8                   ance with all requirements of law, includ-  
9                   ing regulations issued by the Secretary.

10           “(C) APPROVAL PROCESS.—

11                   “(i) IN GENERAL.—The Secretary  
12                   shall approve or disapprove a guarantee  
13                   not later than 14 days after the date that  
14                   the lending institution applies to the Sec-  
15                   retary for the guarantee.

16                   “(ii) DISAPPROVAL.—If the Secretary  
17                   disapproves the loan application during the  
18                   14-day period, the Secretary shall state, in  
19                   writing, all of the reasons the application  
20                   was disapproved.

21           “(5) RELATIONSHIP TO OTHER REQUIRE-  
22           MENTS.—Nothing in this section affects the respon-  
23           sibility of the Secretary to certify eligibility, review  
24           financial information, and otherwise assess an appli-  
25           cation.

1 “(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

2 “(1) IN GENERAL.—The Secretary shall estab-  
3 lish a Preferred Certified Lenders Program for lend-  
4 ers under this title who establish—

5 “(A) knowledge of, and experience under,  
6 the program established under subsection (a);

7 “(B) knowledge of the regulations con-  
8 cerning the guaranteed loan program; and

9 “(C) proficiency related to the certified  
10 lender program requirements.

11 “(2) REVOCATION OF DESIGNATION.—

12 “(A) IN GENERAL.—Subject to subpara-  
13 graph (B), the designation of a lender as a Pre-  
14 ferred Certified Lender shall be revoked at any  
15 time—

16 “(i) that the Secretary determines  
17 that the lender is not adhering to the rules  
18 and regulations applicable to the program;  
19 or

20 “(ii) if the loss experiences of a Pre-  
21 ferred Certified Lender are excessive as  
22 compared to other Preferred Certified  
23 Lenders.



1 Secretary under other provisions of this  
2 title;

3 “(ii) permit certified lending institu-  
4 tions—

5 “(I) to make all decisions, with  
6 respect to loans to be guaranteed by  
7 the Secretary under this subsection  
8 relating to credit worthiness, the clos-  
9 ing, monitoring, collection and liquida-  
10 tion of loans; and

11 “(II) to accept appropriate cer-  
12 tifications, as provided by regulations  
13 issued by the Secretary, that the bor-  
14 rower is in compliance with all re-  
15 quirements of law or regulations pro-  
16 mulgated by the Secretary; and

17 “(iii) be considered to have guaran-  
18 teed 80 percent of a loan made by a pre-  
19 ferred certified lending institution as de-  
20 scribed in paragraph (1), if the Secretary  
21 fails to approve or reject the application of  
22 such institution within 14 calendar days  
23 after the date that the lending institution  
24 presented the application to the Secretary.

1                   “(B) REQUIREMENT.—If the Secretary re-  
2                   jects an application under subparagraph (A)(iii)  
3                   during the 14-day period, the Secretary shall  
4                   state, in writing, the reasons the application  
5                   was rejected.

6                   “(c) ADMINISTRATION OF CERTIFIED LENDERS AND  
7                   PREFERRED CERTIFIED LENDERS PROGRAMS.—The Sec-  
8                   retary may administer the loan guarantee programs under  
9                   subsections (a) and (b) through central offices established  
10                  in States or in multi-State areas

11                  **“SEC. 3910. LOANS TO RESIDENT ALIENS.**

12                  “(a) IN GENERAL.—Notwithstanding the provisions  
13                  of this title limiting the making of a loan to a citizen of  
14                  the United States, the Secretary may make a loan under  
15                  this title to an alien lawfully admitted to the United States  
16                  for permanent residence under the Immigration and Na-  
17                  tionality Act (8 U.S.C. 1101 et seq.).

18                  “(b) REGULATIONS.—

19                         “(1) IN GENERAL.—No loan may be made  
20                         under this title to an alien referred to in subsection  
21                         (a) until the Secretary issues regulations estab-  
22                         lishing the terms and conditions under which the  
23                         alien may receive the loan.

24                         “(2) REQUIREMENT.—The Secretary shall sub-  
25                         mit the regulations to the Committee on Agriculture

1 of the House of Representatives and the Committee  
2 on Agriculture, Nutrition, and Forestry of the Sen-  
3 ate at least 30 days prior to the date on which the  
4 regulations are published in the Federal Register.

5 **“SEC. 3911. EXPEDITED CLEARING OF TITLE TO INVENTORY**  
6 **PROPERTY.**

7 “(a) IN GENERAL.—The Secretary may employ local  
8 attorneys, on a case-by-case basis, to process all legal pro-  
9 cedures necessary to clear the title to foreclosed properties  
10 in the inventory of the Department.

11 “(b) COMPENSATION.—Attorneys shall be com-  
12 pensated at not more than the usual and customary  
13 charges of the attorneys for the work.

14 **“SEC. 3912. PROHIBITION ON USE OF LOANS FOR CERTAIN**  
15 **PURPOSES.**

16 “(a) IN GENERAL.—Except as provided in sub-  
17 sections (b) and (c), the Secretary may not approve a loan  
18 under this title to drain, dredge, fill, level, or otherwise  
19 manipulate a wetland (as defined in section 1201(a) of  
20 the Food Security Act of 1985 (16 U.S.C. 3801(a))), or  
21 to engage in any activity that results in impairing or re-  
22 ducing the flow, circulation, or reach of water.

23 “(b) PRIOR ACTIVITY.—Subsection (a) does not  
24 apply in the case of—

1           “(1) an activity related to the maintenance of  
2           a previously converted wetland; or

3           “(2) in the case of an activity that had already  
4           commenced before November 28, 1990.

5           “(c) EXCEPTION.—This section shall not apply to a  
6           loan made or guaranteed under this title for a utility line.

7   **“SEC. 3913. REGULATIONS.**

8           “The Secretary may issue such regulations, prescribe  
9           such terms and conditions for making or guaranteeing  
10          loans, security instruments, and agreements, except as  
11          otherwise specified in this title, and make such delegations  
12          of authority as the Secretary considers necessary to carry  
13          out this title.”.

14   **SEC. 6002. CONFORMING AMENDMENTS.**

15          (a) Section 17(c) of the Rural Electrification Act of  
16          1936 (7 U.S.C. 917(c)) is amended by striking paragraph  
17          (1) and inserting the following:

18                 “(1) Subtitle B of the Consolidated Farm and  
19                 Rural Development Act.”.

20          (b) Section 305(c)(2)(B)(i)(I) of the Rural Elec-  
21          trification Act of 1936 (7 U.S.C. 935(c)(2)(B)(i)(I)) is  
22          amended by striking “section 307(a)(3)(A) of the Consoli-  
23          dated Farm and Rural Development Act (7 U.S.C.  
24          1927(a)(3)(A))” and inserting “section 3701(b)(2) of the  
25          Consolidated Farm and Rural Development Act”.

1 (c) Section 306F(a)(1) of the Rural Electrification  
2 Act of 1936 (7 U.S.C. 936f(a)(1)) is amended by striking  
3 subparagraph (B) and inserting the following:

4 “(B) chapter 1 of subtitle B of the Con-  
5 solidated Farm and Rural Development Act.”.

6 (d) Section 2333(d) of the Food, Agriculture, Con-  
7 servation, and Trade Act of 1990 (7 U.S.C. 950aaa–2(d))  
8 is amended—

9 (1) in paragraph (11), by adding “and” at the  
10 end;

11 (2) by striking paragraph (12); and

12 (3) by redesignating paragraph (13) as para-  
13 graph (12).

14 (e) Section 601(b) of the Rural Electrification Act  
15 of 1936 (7 U.S.C. 950bb(b)) is amended by striking para-  
16 graph (3).

17 (f) Section 602(5) of the Emergency Livestock Feed  
18 Assistance Act of 1988 (7 U.S.C. 1471(5)) is amended  
19 by striking “section 355(e)(1)(D)(ii) of the Consolidated  
20 Farm and Rural Development Act (7 U.S.C.  
21 1985(e)(1)(D)(ii))” and inserting “section 3409(c)(1)(A)  
22 of the Consolidated Farm and Rural Development Act”.

23 (g) Section 508 of the Federal Crop Insurance Act  
24 (7 U.S.C. 1508) is amended—

1           (1) in subsection (b)(7)(A), by striking “section  
2           371 of the Consolidated Farm and Rural Develop-  
3           ment Act (7 U.S.C. 2008f)” and inserting “section  
4           3424 of the Consolidated Farm and Rural Develop-  
5           ment Act”; and

6           (2) in subsection (n)(2), by striking “subtitle C  
7           of the Consolidated Farm and Rural Development  
8           Act (7 U.S.C. 1961 et seq.)” and inserting “chapter  
9           3 of subtitle A of the Consolidated Farm and Rural  
10          Development Act”.

11          (h) Section 231(a) of the Agricultural Risk Protec-  
12          tion Act of 2000 (7 U.S.C. 1632a(a)) is amended—

13           (1) in paragraph (1), by striking “section  
14           343(a) of the Consolidated Farm and Rural Develop-  
15           ment Act (7 U.S.C. 1991(a))” and inserting “sec-  
16           tion 3002 of the Consolidated Farm and Rural De-  
17           velopment Act”; and

18           (2) in paragraph (4), by striking “section  
19           355(e) of the Consolidated Farm and Rural Develop-  
20           ment Act (7 U.S.C. 2003(e))” and inserting “sec-  
21           tion 3002 of the Consolidated Farm and Rural De-  
22           velopment Act”.

23          (i) Section 14204(a) of the Food, Conservation, and  
24          Energy Act of 2008 (7 U.S.C. 2008q-1(a)) is amended  
25          by striking “an entity described in section 379C(a) of the

1 Consolidated Farm and Rural Development Act (7 U.S.C.  
2 2008q(a))” and inserting “an entity determined by the  
3 Secretary”.

4 (j) Section 607(e)(6) of the Rural Development Pol-  
5 icy Act of 1972 (7 U.S.C. 2204b(e)(6)) is amended in the  
6 last sentence—

7 (1) by striking “, and” and inserting “and  
8 any”; and

9 (2) by striking “required under section  
10 306(a)(12) of the Consolidated Farm and Rural De-  
11 velopment Act”.

12 (k) Section 901(b) of the Agricultural Act of 1970  
13 (7 U.S.C. 2204b–1(b)) is amended by striking “rural  
14 areas as defined in the private business enterprise excep-  
15 tion in section 306(a)(7) of the Consolidated Farmers  
16 Home Administration Act of 1961, as amended (7 U.S.C.  
17 1926)” and inserting “rural areas, as defined in section  
18 3002 of the Consolidated Farm and Rural Development  
19 Act”.

20 (l) Section 14220 of the Food, Conservation, and En-  
21 ergy Act of 2008 (7 U.S.C. 2206b) is amended by striking  
22 “section 343(a)(13)(A) of the Consolidated Farm and  
23 Rural Development Act)” and inserting “section 3002 of  
24 the Consolidated Farm and Rural Development Act)”.

1 (m) Section 2501(c)(2)(D) of the Food, Agriculture,  
2 Conservation, and Trade Act of 1990 (7 U.S.C.  
3 2279(c)(2)(D)) is amended by striking “sections  
4 355(a)(1) and 355(c) of the Consolidated Farm and Rural  
5 Development Act (7 U.S.C. 2003(a)(1))” and inserting  
6 “paragraphs (1) and (3) of section 3416(a) of the Consoli-  
7 dated Farm and Rural Development Act”.

8 (n) Section 2501A(b) of the Food, Agriculture, Con-  
9 servation, and Trade Act of 1990 (7 U.S.C. 2279–1(b))  
10 is amended by striking “section 355(e) of the Consolidated  
11 Farm and Rural Development Act (7 U.S.C. 2003(e))”  
12 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  
15 Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(8)(B))  
16 is amended by striking “section 355(e) of the Consolidated  
17 Farm and Rural Development Act (7 U.S.C. 2003(e))”  
18 and inserting “section 3002 of the Consolidated Farm and  
19 Rural Development Act”.

20 (p) Section 1101(d)(2)(A) of the Food, Conservation,  
21 and Energy Act of 2008 (7 U.S.C. 8711(d)(2)(A)) is  
22 amended by striking “section 355(e) of the Consolidated  
23 Farm and Rural Development Act (7 U.S.C. 2003(e))”  
24 and inserting “section 3002 of the Consolidated Farm and  
25 Rural Development Act”.

1 (q) Section 1302(d)(2)(A) of the Food, Conservation,  
2 and Energy Act of 2008 (7 U.S.C. 8752(d)(2)(A)) is  
3 amended by striking “section 355(e) of the Consolidated  
4 Farm and Rural Development Act (7 U.S.C. 2003(e))”  
5 and inserting “section 3002 of the Consolidated Farm and  
6 Rural Development Act”.

7 (r) Section 2375(g) of the Food, Agriculture, Con-  
8 servation, and Trade Act of 1990 (7 U.S.C. 6613(g)) is  
9 amended by striking “section 304(b), 306(a), or 310B(e)  
10 of the Consolidated Farm and Rural Development Act (7  
11 U.S.C. 1924(b), 1926(a), and 1932(e))” and inserting  
12 “subtitle B of the Consolidated Farm and Rural Develop-  
13 ment Act”.

14 (s) Section 226B(a)(1) of the Department of Agri-  
15 culture Reorganization Act of 1994 (7 U.S.C. 6934(a)(1))  
16 is amended by striking “section 343(a) of the Consolidated  
17 Farm and Rural Development Act (7 U.S.C. 1991(a))”  
18 and inserting “section 3002 of the Consolidated Farm and  
19 Rural Development Act”.

20 (t) Section 196(i)(3)(B) of the Federal Agriculture  
21 Improvement and Reform Act of 1996 (7 U.S.C.  
22 7333(i)(3)(B)) is amended by striking “subtitle C of the  
23 Consolidated Farm and Rural Development Act (7 U.S.C.  
24 1961 et seq.)” and inserting “chapter 3 of subtitle A of  
25 the Consolidated Farm and Rural Development Act”.

1 (u) Section 9009(a)(1) of the Farm Security and  
2 Rural Investment Act of 2002 (7 U.S.C. 8109(a)(1)) is  
3 amended by striking “section 343(a)(13)(A) of the Con-  
4 solidated Farm and Rural Development Act (7 U.S.C.  
5 1991(a)(13)(A))” and inserting “section 3002 of the  
6 Consolidated Farm and Rural Development Act”.

7 (v) Section 9011(e)(2)(B)(v) of the Farm Security  
8 and Rural Investment Act of 2002 (7 U.S.C.  
9 8111(e)(2)(B)(v)) is amended by striking subclause (I) and  
10 inserting the following:

11 (I) beginning farmers or ranch-  
12 ers (as defined in accordance with sec-  
13 tion 3002 of the Consolidated Farm  
14 and Rural Development Act); or”.

15 (w) Section 7(b)(2)(B) of the Small Business Act (15  
16 U.S.C. 636(b)(2)(B)) is amended by striking “section 321  
17 of the Consolidated Farm and Rural Development Act (7  
18 U.S.C. 1961)” and inserting “section 3301 of the Consoli-  
19 dated Farm and Rural Development Act”.

20 (x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Con-  
21 servation and Domestic Allotment Act (16 U.S.C.  
22 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking “sec-  
23 tion 355(e)(1) of the Consolidated Farm and Rural Devel-  
24 opment Act (7 U.S.C.A. § 2003(e)(1))” and inserting

1 “section 3002 of the Consolidated Farm and Rural Devel-  
2 opment Act)”.

3 (y) Section 10(b)(3) of the Cooperative Forestry As-  
4 sistance Act of 1978 (16 U.S.C. 2106(b)(3)) is amended  
5 in the last sentence by striking “set out in the first clause  
6 of section 306(a)(7) of the Consolidated Farm and Rural  
7 Development Act” and inserting “given the term in sec-  
8 tion 3002 of the Consolidated Farm and Rural Develop-  
9 ment Act”.

10 (z) Section 1201(a)(2) of the Food Security Act of  
11 1985 (16 U.S.C. 3801(a)(2)) is amended by striking “sec-  
12 tion 343(a)(8) of the Consolidated Farm and Rural Devel-  
13 opment Act (7 U.S.C. 1991(a)(8))” and inserting “section  
14 3002 of the Consolidated Farm and Rural Development  
15 Act”.

16 (aa) Section 1238(2) of the Food Security Act of  
17 1985 (16 U.S.C. 3838(2)) is amended by striking “section  
18 343(a) of the Consolidated Farm and Rural Development  
19 Act (7 U.S.C. 1991(a))” and inserting “section 3002 of  
20 the Consolidated Farm and Rural Development Act”.

21 (bb) The first section of Public Law 91–229 (25  
22 U.S.C. 488) is amended in subsection (a) by striking  
23 “make loans from the Farmers Home Administration Di-  
24 rect Loan Account created by section 338(c), and to make  
25 and insure loans as provided in sections 308 and 309, of

1 the Consolidated Farmers Home Administration Act of  
2 1961, as amended (7 U.S.C. 1988(c), 1928, 1929),” and  
3 inserting “make loans under chapter 1 of subtitle A of  
4 the Consolidated Farm and Rural Development Act”.

5 (cc) Section 5 of Public Law 91–229 (25 U.S.C. 492)  
6 is amended by striking “section 307(a)(3)(B) of the Con-  
7 solidated Farmers Home Administration Act of 1961, as  
8 amended, and to the provisions of subtitle D of that Act  
9 except sections 340, 341, 342, and 343” and inserting  
10 “3105(b)(2) of the Consolidated Farm and Rural Develop-  
11 ment Act”.

12 (dd) Section 6(e) of Public Law 91–229 (25 U.S.C.  
13 493(c)) is amended by striking “section 333B of the Con-  
14 solidated Farm and Rural Development Act (7 U.S.C.  
15 1983b)” and inserting “subtitle H of the Department of  
16 Agriculture Reorganization Act of 1994 (7 U.S.C. 6991  
17 et seq.)”.

18 (ee) Section 181(a)(2)(B)(ii) of the Internal Revenue  
19 Code of 1986 is amended by striking “section 2009aa–  
20 1 of title 7, United States Code” and inserting “section  
21 3801 of the Consolidated Farm and Rural Development  
22 Act”.

23 (ff) Section 515(b)(3) of the Housing Act of 1949  
24 (42 U.S.C. 1485(b)(3)) is amended by striking “all the  
25 provisions of section 309 and the second and third sen-

1 tences of section 308 of the Consolidated Farmers Home  
2 Administration Act of 1961, including the authority in  
3 section 309(f)(1) of that Act” and inserting “section 3401  
4 of the Consolidated Farm and Rural Development Act”.

5 (gg) Section 517(b) of the Housing Act of 1949 (42  
6 U.S.C. 1487(b)) is amended in the third sentence by strik-  
7 ing “(7 U.S.C. 1929)” and inserting “under section 3401  
8 of the Consolidated Farm and Rural Development Act”.

9 (hh) Section 3(8) of the Public Works and Economic  
10 Development Act of 1965 (42 U.S.C. 3122(8)) is amend-  
11 ed—

12 (1) by striking subparagraph (B) and inserting  
13 the following:

14 “(B) the Delta Regional Authority estab-  
15 lished under chapter 4 of subtitle B of the Con-  
16 solidated Farm and Rural Development Act;”;  
17 and

18 (2) by striking subparagraph (D) and inserting  
19 the following:

20 “(D) the Northern Great Plains Regional  
21 Authority established under chapter 5 of sub-  
22 title B of the Consolidated Farm and Rural De-  
23 velopment Act.”.

24 (ii) Section 310(a) of the Robert T. Stafford Disaster  
25 Relief and Emergency Assistance Act (42 U.S.C. 5153(a))

1 is amended by striking paragraph (4) and inserting the  
2 following:

3           “(4) Chapter 1 of subtitle B of the Consoli-  
4 dated Farm and Rural Development Act.”.

5           (jj) Section 582(d)(1) of the National Flood Insur-  
6 ance Reform Act of 1994 (42 U.S.C. 5154a(d)(1)) is  
7 amended by striking “section 321(a) of the Consolidated  
8 Farm and Rural Development Act (7 U.S.C. 1961(a))”  
9 and inserting “section 3301(b) of the Consolidated Farm  
10 and Rural Development Act”.

11          (kk) Section 213(e)(1) of the Biomass Energy and  
12 Alcohol Fuels Act of 1980 (42 U.S.C. 8813(e)(1)) is  
13 amended in the first sentence by striking “section 309 of  
14 the Consolidated Farm and Rural Development Act or the  
15 Rural Development Insurance Fund in section 309A of  
16 such Act” and inserting “under section 3401 of the Con-  
17 solidated Farm and Rural Development Act or the Rural  
18 Development Insurance Fund under section 3704 of that  
19 Act”.

20          (ll) Section 1323(b)(2) of the Food Security Act of  
21 1985 (Public Law 99–198; 7 U.S.C. 1932 note) is amend-  
22 ed—

23           (1) in subparagraph (A), by inserting “and” at  
24 the end;

1           (2) in subparagraph (B), by striking “; and” at  
2           the end and inserting a period; and

3           (3) by striking subparagraph (C).

## 4       **Subtitle B—Rural Electrification**

### 5       **SEC. 6101. DEFINITION OF RURAL AREA.**

6           Section 13(3) of the Rural Electrification Act of 1936  
7       (7 U.S.C. 913(A)) is amended by striking subparagraph  
8       (A) and inserting the following:

9                   “(A) any area described in section  
10                   3002(28)(A)(i) of the Consolidated Farm and  
11                   Rural Development Act; and”.

### 12       **SEC. 6102. GUARANTEES FOR BONDS AND NOTES ISSUED** 13                   **FOR ELECTRIFICATION OR TELEPHONE PUR-** 14                   **POSES.**

15           Section 313A(f) of the Rural Electrification Act of  
16       1936 (7 U.S.C. 940c–1(f)) is amended by striking “2012”  
17       and inserting “2017”.

### 18       **SEC. 6103. EXPANSION OF 911 ACCESS.**

19           Section 315(d) of the Rural Electrification Act of  
20       1936 (7 U.S.C. 940e(d)) is amended by striking “2012”  
21       and inserting “2017”.

### 22       **SEC. 6104. ACCESS TO BROADBAND TELECOMMUNICATIONS** 23                   **SERVICES IN RURAL AREAS.**

24           Section 601 of the Rural Electrification Act of 1936  
25       (7 U.S.C. 950bb) is amended—

1           (1) in subsection (a), by striking “loans and”  
2           and inserting “grants, loans, and”;

3           (2) in subsection (b), by striking paragraph (3)  
4           and inserting the following:

5           “(3) RURAL AREA.—The term ‘rural area’  
6           means any area described in section 3002 of the  
7           Consolidated Farm and Rural Development Act.”;

8           (3) in subsection (c)—

9           (A) in the subsection heading, by striking  
10           “LOANS AND” and inserting “GRANTS, LOANS,  
11           AND”;

12           (B) in paragraph (1), by inserting “make  
13           grants and” after “Secretary shall”;

14           (C) by striking paragraph (2) and insert-  
15           ing the following:

16           “(2) PRIORITY.—

17           “(A) IN GENERAL.—In making grants or  
18           guaranteeing loans under paragraph (1), the  
19           Secretary shall give the highest priority to ap-  
20           plicants that offer to provide broadband service  
21           to the greatest proportion of households that,  
22           prior to the provision of the broadband service,  
23           had no incumbent service provider.

24           “(B) OTHER.—After giving priority to the  
25           applicants described in subparagraph (A), the

1 Secretary shall then give priority to projects  
2 that serve rural communities—

3 “(i) with a population of less than  
4 20,000 permanent residents;

5 “(ii) experiencing outmigration;

6 “(iii) with a high percentage of low-in-  
7 come residents; and

8 “(iv) that are isolated from other sig-  
9 nificant population centers.”; and

10 (D) by adding at the end the following:

11 “(3) GRANT AMOUNTS.—

12 “(A) ELIGIBILITY.—To be eligible for a  
13 grant under this section, the project that is the  
14 subject of the grant shall be carried out in a  
15 rural area.

16 “(B) MAXIMUM.—Except as provided in  
17 subparagraph (D), the amount of any grant  
18 made under this section shall not exceed 50  
19 percent of the development costs of the project  
20 for which the grant is provided.

21 “(C) GRANT RATE.—The Secretary shall  
22 establish the grant rate for each project in ac-  
23 cordance with regulations issued by the Sec-  
24 retary that shall provide for a graduated scale

1 of grant rates that establish higher rates for  
2 projects in communities that have—

3 “(i) remote locations;

4 “(ii) low community populations;

5 “(iii) low income levels; and

6 “(iv) developed the applications of the  
7 communities with the participation of com-  
8 binations of stakeholders, including—

9 “(I) State, local, and tribal gov-  
10 ernments;

11 “(II) nonprofit institutions;

12 “(III) institutions of higher edu-  
13 cation;

14 “(IV) private entities; and

15 “(V) philanthropic organizations.

16 “(D) SECRETARIAL AUTHORITY TO AD-  
17 JUST.—The Secretary may make grants of up  
18 to 75 percent of the development costs of the  
19 project for which the grant is provided to an el-  
20 igible entity if the Secretary determines that  
21 the project serves a remote or low income area  
22 that does not have access to broadband service  
23 from any provider of broadband service (includ-  
24 ing the applicant).”;

25 (4) in subsection (d)—

1 (A) in paragraph (1)(A)—

2 (i) in the matter preceding clause (i),  
3 by striking “loan or” and inserting “grant,  
4 loan, or”;

5 (ii) in clause (ii), by striking “a loan  
6 application” and inserting “an applica-  
7 tion”; and

8 (iii) in clause (iii)—

9 (I) by striking “the loan applica-  
10 tion” and inserting “the application”;  
11 and

12 (II) by striking “proceeds from  
13 the loan made or guaranteed under  
14 this section are” and inserting “as-  
15 sistance under this section is”;

16 (B) in paragraph (2)(A), in the matter  
17 preceding clause (i)—

18 (i) by striking “the proceeds of a loan  
19 made or guaranteed” and inserting “as-  
20 sistance”; and

21 (ii) by striking “for the loan or loan  
22 guarantee” and inserting “of the eligible  
23 entity”;

1 (C) by striking “loan or” each place it ap-  
2 pears in paragraphs (2)(B), (3)(A), (4), (5),  
3 and (6) and inserting “grant, loan, or”;

4 (D) in paragraph (7), by striking “a loan  
5 application” and inserting “an application”;  
6 and

7 (E) by adding at the end the following:

8 “(8) TRANSPARENCY AND REPORTING.—The  
9 Secretary—

10 “(A) shall require any entity receiving as-  
11 sistance under this section to submit quarterly,  
12 in a format specified by the Secretary, a report  
13 that describes—

14 “(i) the use by the entity of the assist-  
15 ance; and

16 “(ii) the progress towards fulfilling  
17 the objectives for which the assistance was  
18 granted;

19 “(B) shall maintain a fully searchable  
20 database, accessible on the Internet at no cost  
21 to the public, that contains, at a minimum—

22 “(i) a list of each entity that has ap-  
23 plied for assistance under this section;

24 “(ii) a description of each application,  
25 including the status of each application;

1                   “(iii) for each entity receiving assist-  
2                   ance under this section—

3                               “(I) the name of the entity;

4                               “(II) the type of assistance being  
5                   received;

6                               “(III) the purpose for which the  
7                   entity is receiving the assistance; and

8                               “(IV) each quarterly report sub-  
9                   mitted under subparagraph (A); and

10                              “(iv) such other information as is suf-  
11                   ficient to allow the public to understand  
12                   and monitor assistance provided under this  
13                   section;

14                              “(C) may, in addition to other authority  
15                   under applicable law, deobligate awards to  
16                   grantees that demonstrate an insufficient level  
17                   of performance, or wasteful or fraudulent  
18                   spending, as defined in advance by the Sec-  
19                   retary, and award those funds competitively to  
20                   new or existing applicants consistent with this  
21                   section; and

22                              “(D) may establish additional reporting  
23                   and information requirements for any recipient  
24                   of any assistance under this section so as to en-  
25                   sure compliance with this section.”;

1           (5) in subsection (f), by striking “make a loan  
2           or loan guarantee” and inserting “provide assist-  
3           ance”;

4           (6) in subsection (j)—

5                 (A) in the matter preceding paragraph (1),  
6                 by striking “loan and loan guarantee”;

7                 (B) in paragraph (1), by inserting “grants  
8                 and” after “number of”;

9                 (C) in paragraph (2)—

10                         (i) in subparagraph (A), by striking  
11                         “loan”; and

12                         (ii) in subparagraph (B), by striking  
13                         “loans and” and inserting “grants, loans,  
14                         and”;

15                 (D) in paragraph (3), by striking “loan”;

16           (7) in subsection (k)(1)—

17                 (A) by striking “\$25,000,000” and insert-  
18                 ing “\$50,000,000”; and

19                 (B) by striking “2012” and inserting  
20                 “2017”; and

21           (8) in subsection (l)—

22                 (A) by striking “loan or” and inserting  
23                 “grant, loan, or”; and

24                 (B) by striking “2012” and inserting  
25                 “2017”.

1           **Subtitle C—Miscellaneous**

2   **SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.**

3           (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
4 2335A of the Food, Agriculture, Conservation, and Trade  
5 Act of 1990 (7 U.S.C. 950aaa-5) is amended by striking  
6 “2012” and inserting “2017”.

7           (b) CONFORMING AMENDMENT.—Section 1(b) of  
8 Public Law 102–551 (7 U.S.C. 950aaa note) is amended  
9 by striking “2012” and inserting “2017”.

10 **TITLE VII—RESEARCH, EXTEN-**  
11 **SION, AND RELATED MAT-**  
12 **TERS [COMPLETE SUB-**  
13 **STITUTE AMENDMENT]**

14 **Subtitle A—National Agricultural**  
15 **Research, Extension, and Teach-**  
16 **ing Policy Act of 1977**

17 **SEC. 7101. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**  
18 **SION, EDUCATION, AND ECONOMICS ADVI-**  
19 **SORY BOARD.**

20           (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
21 1408(h) of the National Agricultural Research, Extension,  
22 and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is  
23 amended by striking “2012” and inserting “2017”.

24           (b) DUTIES OF NATIONAL AGRICULTURAL RE-  
25 SEARCH, EXTENSION, EDUCATION, AND ECONOMICS AD-

1 VISORY BOARD.—Section 1408(c) of the National Agricul-  
2 tural Research, Extension, and Teaching Policy Act of  
3 1977 (7 U.S.C. 3123(c)) is amended—

4 (1) in paragraph (3), by striking “and” at the  
5 end;

6 (2) in paragraph (4)(C), by striking the period  
7 at the end and inserting “; and”; and

8 (3) by adding at the end the following:

9 “(5) consult with industry groups on agricul-  
10 tural research, extension, education, and economics,  
11 and make recommendations to the Secretary based  
12 on that consultation.”.

13 **SEC. 7102. SPECIALTY CROP COMMITTEE.**

14 Section 1408A of the National Agricultural Research,  
15 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
16 3123a) is amended—

17 (1) in subsection (b)—

18 (A) by striking “Individuals” and inserting  
19 the following:

20 “(1) ELIGIBILITY.—Individuals”;

21 (B) by striking “Members” and inserting  
22 the following:

23 “(2) SERVICE.—Members”; and

24 (C) by adding at the end the following:

1           “(3) DIVERSITY.—Membership of the specialty  
2           crops committee shall reflect diversity in the spe-  
3           cialty crops represented.”;

4           (2) in subsection (c), by adding at the end the  
5           following:

6           “(6) Analysis of alignment of specialty crop  
7           committee recommendations with specialty crop re-  
8           search initiative grants awarded under section  
9           412(d) of the Agricultural Research, Extension, and  
10          Education Reform Act of 1998 (7 U.S.C. 7632).”;

11          (3) by redesignating subsections (d) and (e) as  
12          subsection (e) and (f), respectively;

13          (4) by inserting after subsection (c) the fol-  
14          lowing:

15          “(d) CONSULTATION WITH SPECIALTY CROP INDUS-  
16          TRY.—In studying the scope and effectiveness of programs  
17          under subsection (a), the specialty crops committee shall  
18          consult on an ongoing basis with diverse sectors of the  
19          specialty crop industry.”; and

20          (5) in subsection (f) (as redesignated by para-  
21          graph (3)), by striking “subsection (d)” and insert-  
22          ing “subsection (e)”.

1 **SEC. 7103. VETERINARY SERVICES GRANT PROGRAM.**

2 The National Agricultural Research, Extension, and  
3 Teaching Policy Act of 1977 is amended by inserting after  
4 section 1415A (7 U.S.C. 3151a) the following:

5 **“SEC. 1415B. VETERINARY SERVICES GRANT PROGRAM.**

6 “(a) DEFINITIONS.—In this section:

7 “(1) QUALIFIED ENTITY.—The term ‘qualified  
8 entity’ means—

9 “(A) a for-profit or nonprofit entity located  
10 in the United States that operates a veterinary  
11 clinic providing veterinary services—

12 “(i) in a rural area, as defined in sec-  
13 tion 343(a) of the Consolidated Farm and  
14 Rural Development Act (7 U.S.C.  
15 1991(a)); and

16 “(ii) in response to a veterinarian  
17 shortage situation;

18 “(B) a State, national, allied, or regional  
19 veterinary organization or specialty board rec-  
20 ognized by the American Veterinary Medical  
21 Association;

22 “(C) a college or school of veterinary medi-  
23 cine accredited by the American Veterinary  
24 Medical Association;

25 “(D) a university research foundation or  
26 veterinary medical foundation;

1           “(E) a department of veterinary science or  
2           department of comparative medicine accredited  
3           by the Department of Education;

4           “(F) a State agricultural experiment sta-  
5           tion; and

6           “(G) a State, local, or tribal government  
7           agency.

8           “(2) VETERINARIAN SHORTAGE SITUATION.—  
9           The term ‘veterinarian shortage situation’ means a  
10          veterinarian shortage situation determined by the  
11          Secretary under section 1415A(b).

12          “(b) ESTABLISHMENT OF PROGRAM.—

13           “(1) COMPETITIVE GRANTS.—The Secretary  
14          shall carry out a program to make competitive  
15          grants to qualified entities that carry out programs  
16          or activities described in paragraph (2) for the pur-  
17          pose of developing, implementing, and sustaining  
18          veterinary services.

19           “(2) ELIGIBILITY REQUIREMENTS.—To be eligi-  
20          ble to receive a grant described in paragraph (1), a  
21          qualified entity shall carry out programs or activities  
22          that the Secretary determines will—

23           “(A) substantially relieve veterinarian  
24          shortage situations;

1           “(B) support or facilitate private veteri-  
2           nary practices engaged in public health activi-  
3           ties; or

4           “(C) support or facilitate the practices of  
5           veterinarians who are participating in or have  
6           successfully completed a service requirement  
7           under section 1415A(a)(2).

8           “(c) AWARD PROCESSES AND PREFERENCES.—

9           “(1) APPLICATION, EVALUATION, AND INPUT  
10          PROCESSES.—In administering the grant program  
11          under this section, the Secretary shall—

12           “(A) use an appropriate application and  
13           evaluation process, as determined by the Sec-  
14           retary; and

15           “(B) seek the input of interested persons.

16          “(2) GRANT PREFERENCES.—In selecting re-  
17          cipients of grants to be used for any of the purposes  
18          described in paragraphs (2) through (6) of sub-  
19          section (d), the Secretary shall give a preference to  
20          qualified entities that provide documentation of co-  
21          ordination with other qualified entities, with respect  
22          to any such purpose.

23          “(3) ADDITIONAL PREFERENCES.—In awarding  
24          grants under this section, the Secretary may develop  
25          additional preferences by taking into account the

1 amount of funds available for grants and the pur-  
2 poses for which the grant funds will be used.

3 “(4) APPLICABILITY OF OTHER PROVISIONS.—  
4 Sections 1413B, 1462(a), 1469(a)(3), 1469(c), and  
5 1470 apply to the administration of the grant pro-  
6 gram under this section.

7 “(d) USE OF GRANTS TO RELIEVE VETERINARIAN  
8 SHORTAGE SITUATIONS AND SUPPORT VETERINARY  
9 SERVICES.—A qualified entity may use funds provided by  
10 grants under this section to relieve veterinarian shortage  
11 situations and support veterinary services for the following  
12 purposes:

13 “(1) To assist veterinarians with establishing or  
14 expanding practices for the purpose of—

15 “(A) equipping veterinary offices;

16 “(B) sharing in the reasonable overhead  
17 costs of the practices, as determined by the Sec-  
18 retary; or

19 “(C) establishing mobile veterinary facili-  
20 ties in which a portion of the facilities will ad-  
21 dress education or extension needs.

22 “(2) To promote recruitment (including for pro-  
23 grams in secondary schools), placement, and reten-  
24 tion of veterinarians, veterinary technicians, stu-

1       dents of veterinary medicine, and students of veteri-  
2       nary technology.

3           “(3) To allow veterinary students, veterinary in-  
4       terns, externs, fellows, and residents, and veterinary  
5       technician students to cover expenses (other than  
6       the types of expenses described in 1415A(c)(5)) to  
7       attend training programs in food safety or food ani-  
8       mal medicine.

9           “(4) To establish or expand accredited veteri-  
10      nary education programs (including faculty recruit-  
11      ment and retention), veterinary residency and fellow-  
12      ship programs, or veterinary internship and  
13      externship programs carried out in coordination with  
14      accredited colleges of veterinary medicine.

15          “(5) To assess veterinarian shortage situations  
16      and the preparation of applications submitted to the  
17      Secretary for designation as a veterinarian shortage  
18      situation under section 1415A(b).

19          “(6) To provide continuing education and ex-  
20      tension, including veterinary telemedicine and other  
21      distance-based education, for veterinarians, veteri-  
22      nary technicians, and other health professionals  
23      needed to strengthen veterinary programs and en-  
24      hance food safety.

1           “(e) SPECIAL REQUIREMENTS FOR CERTAIN  
2 GRANTS.—

3                   “(1) TERMS OF SERVICE REQUIREMENTS.—

4                           “(A) IN GENERAL.—Grants provided  
5 under this section for the purpose specified in  
6 subsection (d)(1) shall be subject to an agree-  
7 ment between the Secretary and the grant re-  
8 cipient that includes a required term of service  
9 for the recipient, as established by the Sec-  
10 retary.

11                           “(B) CONSIDERATIONS.—In establishing a  
12 term of service under subparagraph (A), the  
13 Secretary shall consider only—

14                                   “(i) the amount of the grant awarded;

15   and

16   “(ii) the specific purpose of the grant.

17                   “(2) BREACH REMEDIES.—

18                           “(A) IN GENERAL.—An agreement under  
19 paragraph (1) shall provide remedies for any  
20 breach of the agreement by the grant recipient,  
21 including repayment or partial repayment of the  
22 grant funds, with interest.

23                           “(B) WAIVER.—The Secretary may grant  
24 a wavier of the repayment obligation for breach  
25 of contract if the Secretary determines that the

1 grant recipient demonstrates extreme hardship  
2 or extreme need.

3 “(C) TREATMENT OF AMOUNTS RECOVERED.—Funds recovered under this paragraph  
4 shall—  
5

6 “(i) be credited to the account available to carry out this section; and  
7

8 “(ii) remain available until expended.

9 “(f) COST-SHARING REQUIREMENTS.—

10 “(1) RECIPIENT SHARE.—Subject to paragraph  
11 (2), to be eligible to receive a grant under this section,  
12 a qualified entity shall provide matching non-Federal  
13 funds, either in cash or in-kind support, in an amount equal  
14 to not less than 25 percent of the Federal funds provided  
15 by the grant.

16 “(2) WAIVER.—The Secretary may establish, by  
17 regulation, conditions under which the cost-sharing  
18 requirements of paragraph (1) may be reduced or  
19 waived.

20 “(g) PROHIBITION ON USE OF GRANT FUNDS FOR  
21 CONSTRUCTION.—Funds made available for grants under  
22 this section may not be used—

23 “(1) to construct a new building or facility; or

1           “(2) to acquire, expand, remodel, or alter an ex-  
2           isting building or facility, including site grading and  
3           improvement and architect fees.

4           “(h) REGULATIONS.—Not later than 1 year after the  
5           date of enactment of this section, the Secretary shall pro-  
6           mulgate regulations to carry out this section.

7           “(i) AUTHORIZATION OF APPROPRIATIONS.—There is  
8           authorized to be appropriated to the Secretary to carry  
9           out this section \$10,000,000 for fiscal year 2013 and each  
10          fiscal year thereafter, to remain available until ex-  
11          pended.”.

12   **SEC. 7104. GRANTS AND FELLOWSHIPS FOR FOOD AND AG-**  
13                           **RICULTURE SCIENCES EDUCATION.**

14          Section 1417(m) of the National Agricultural Re-  
15          search, Extension, and Teaching Policy Act of 1977 (7  
16          U.S.C. 3152(m)) is amended by striking “section  
17          \$60,000,000” and all that follows and inserting the fol-  
18          lowing: “section—

19                 “(1) \$60,000,000 for each of fiscal years 1990  
20                 through 2012; and

21                 “(2) \$40,000,000 for each of fiscal years 2013  
22                 through 2017.”.

1 **SEC. 7105. AGRICULTURAL AND FOOD POLICY RESEARCH**  
2 **CENTERS.**

3 Section 1419A of the National Agricultural Research,  
4 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
5 3155) is amended—

6 (1) in the section heading, by inserting “**AGRI-**  
7 **CULTURAL AND FOOD**” before “**POLICY**”;

8 (2) in subsection (a), in the matter preceding  
9 paragraph (1)—

10 (A) by striking “Secretary may” and in-  
11 serting “Secretary shall, acting through the Of-  
12 fice of the Chief Economist,”; and

13 (B) by inserting “with a history of pro-  
14 viding unbiased, nonpartisan economic analysis  
15 to Congress” after “subsection (b)”;

16 (3) in subsection (b), by striking “other re-  
17 search institutions” and all that follows through  
18 “shall be eligible” and inserting “other public re-  
19 search institutions and organizations shall be eligi-  
20 ble”;

21 (4) in subsection (c)—

22 (A) in the matter preceding paragraph (1),  
23 by inserting “, with preference given to policy  
24 research centers having extensive databases,  
25 models, and demonstrated experience in pro-  
26 viding Congress with agricultural market pro-





1       \$25,000,000 for each of fiscal years 1991 through  
2       2017.

3           “(2) USE OF FUNDS.—Funds made available  
4       under this section shall be used—

5           “(A) to meet the expenses of conducting  
6       animal health and disease research, publishing  
7       and disseminating the results of such research,  
8       and contributing to the retirement of employees  
9       subject to the Act of March 4, 1940 (7 U.S.C.  
10       331);

11          “(B) for administrative planning and di-  
12       rection; and

13          “(C) to purchase equipment and supplies  
14       necessary for conducting research described in  
15       subparagraph (A).”.

16 **SEC. 7109. GRANTS TO UPGRADE AGRICULTURAL AND**  
17 **FOOD SCIENCES FACILITIES AT 1890 LAND-**  
18 **GRANT COLLEGES, INCLUDING TUSKEGEE**  
19 **UNIVERSITY.**

20       Section 1447(b) of the National Agricultural Re-  
21 search, Extension, and Teaching Policy Act of 1977 (7  
22 U.S.C. 3222b(b)) is amended by striking “2012” and in-  
23 serting “2017”.

1 **SEC. 7110. GRANTS TO UPGRADE AGRICULTURAL AND**  
2 **FOOD SCIENCES FACILITIES AND EQUIP-**  
3 **MENT AT INSULAR AREA LAND-GRANT INSTI-**  
4 **TUTIONS.**

5 Section 1447B(d) of the National Agricultural Re-  
6 search, Extension, and Teaching Policy Act of 1977 (7  
7 U.S.C. 3222b–2(d)) is amended by striking “2012” and  
8 inserting “2017”.

9 **SEC. 7111. HISPANIC-SERVING INSTITUTIONS.**

10 Section 1455(c) of the National Agricultural Re-  
11 search, Extension, and Teaching Policy Act of 1977 (7  
12 U.S.C. 3241(c)) is amended by striking “2012” and in-  
13 serting “2017”.

14 **SEC. 7112. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**  
15 **RICULTURAL SCIENCE AND EDUCATION PRO-**  
16 **GRAMS.**

17 Section 1459A of the National Agricultural Research,  
18 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
19 3292b) is amended by striking subsection (c) and insert-  
20 ing the following: “

21 “(c) **AUTHORIZATION OF APPROPRIATIONS.**—There  
22 are authorized to be appropriated to carry out this sec-  
23 tion—

24 “(1) such sums as are necessary for each of fis-  
25 cal years 1999 through 2012; and

1           “(2) \$5,000,000 for each of fiscal years 2013  
2           through 2017.”.

3 **SEC. 7113. UNIVERSITY RESEARCH.**

4           Section 1463 of the National Agricultural Research,  
5           Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
6           3311) is amended in each of subsections (a) and (b) by  
7           striking “2012” each place it appears and inserting  
8           “2017”.

9 **SEC. 7114. EXTENSION SERVICE.**

10          Section 1464 of the National Agricultural Research,  
11          Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
12          3312) is amended by striking “2012” and inserting  
13          “2017”.

14 **SEC. 7115. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

15          (a) AUTHORIZATION OF APPROPRIATIONS AND TER-  
16          MINATION.—Section 1473D of the National Agricultural  
17          Research, Extension, and Teaching Policy Act of 1977 (7  
18          U.S.C. 3319d) is amended—

19                 (1) in subsection (a), by striking “2012” and  
20                 inserting “2017”; and

21                 (2) by adding at the end the following:

22                 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
23                 are authorized to be appropriated to carry out this sec-  
24                 tion—

1           “(1) such sums as are necessary for fiscal year  
2           2012; and

3           “(2) \$1,000,000 for each of fiscal years 2013  
4           through 2017.”.

5           (b) COMPETITIVE GRANTS.—Section 1473D(c)(1) of  
6 the National Agricultural Research, Extension, and  
7 Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(1)) is  
8 amended by striking “use such research funding, special  
9 or competitive grants, or other means, as the Secretary  
10 determines,” and inserting “make competitive grants”.

11 **SEC. 7116. CAPACITY BUILDING GRANTS FOR NLGCA INSTI-**  
12 **TUTIONS.**

13           Section 1473F(b) of the National Agricultural Re-  
14 search, Extension, and Teaching Policy Act of 1977 (7  
15 U.S.C. 3319i(b)) is amended by striking “2012” and in-  
16 serting “2017”.

17 **SEC. 7117. AQUACULTURE ASSISTANCE PROGRAMS.**

18           (a) COMPETITIVE GRANTS.—Section 1475(b) of the  
19 National Agricultural Research, Extension, and Teaching  
20 Policy Act of 1977 (7 U.S.C. 3322(b)) is amended in the  
21 matter preceding paragraph (1) by inserting “competi-  
22 tive” before “grants”.

23           (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
24 1477 of the National Agricultural Research, Extension,

1 and Teaching Policy Act of 1977 (7 U.S.C. 3324) is  
2 amended to read as follows: “

3 **“SEC. 1477. AUTHORIZATION OF APPROPRIATIONS.**

4 “(a) IN GENERAL.—There are authorized to be ap-  
5 propriated to carry out this subtitle—

6 “(1) \$7,500,000 for each of fiscal years 1991  
7 through 2012; and

8 “(2) \$5,000,000 for each of fiscal years 2013  
9 through 2017.

10 “(b) PROHIBITION ON USE.—Funds made available  
11 under this section may not be used to acquire or construct  
12 a building.”.

13 **SEC. 7118. RANGELAND RESEARCH PROGRAMS.**

14 Section 1483(a) of the National Agricultural Re-  
15 search, Extension, and Teaching Policy Act of 1977 (7  
16 U.S.C. 3336(a)) is amended by striking “subtitle” and all  
17 that follows and inserting the following: “subtitle—

18 “(1) \$10,000,000 for each of fiscal years 1991  
19 through 2012; and

20 “(2) \$2,000,000 for each of fiscal years 2013  
21 through 2017.”.

22 **SEC. 7119. SPECIAL AUTHORIZATION FOR BIOSECURITY**  
23 **PLANNING AND RESPONSE.**

24 Section 1484(a) of the National Agricultural Re-  
25 search, Extension, and Teaching Policy Act of 1977 (7

1 U.S.C. 3351(a)) is amended by striking “response such  
2 sums as are necessary” and all that follows and inserting  
3 the following: “response—

4 “(1) such sums as are necessary for each of fis-  
5 cal years 2002 through 2012; and

6 “(2) \$20,000,000 for each of fiscal years 2013  
7 through 2017.”.

8 **SEC. 7120. DISTANCE EDUCATION AND RESIDENT INSTRU-**  
9 **CTION GRANTS PROGRAM FOR INSULAR AREA**  
10 **INSTITUTIONS OF HIGHER EDUCATION.**

11 (a) DISTANCE EDUCATION GRANTS FOR INSULAR  
12 AREAS.—

13 (1) COMPETITIVE GRANTS.—Section 1490(a) of  
14 the National Agricultural Research, Extension, and  
15 Teaching Policy Act of 1977 (7 U.S.C. 3362(a)) is  
16 amended by striking “or noncompetitive”.

17 (2) AUTHORIZATION OF APPROPRIATIONS.—  
18 Section 1490(f) of the National Agricultural Re-  
19 search, Extension, and Teaching Policy Act of 1977  
20 (7 U.S.C. 3362(f)) is amended by striking “section”  
21 and all that follows and inserting the following: “sec-  
22 tion—

23 “(1) such sums as are necessary for each of fis-  
24 cal years 2002 through 2012; and

1           “(2) \$2,000,000 for each of fiscal years 2013  
2 through 2017.”.

3           (b) RESIDENT INSTRUCTION GRANTS FOR INSULAR  
4 AREAS.—Section 1491(c) of the National Agricultural Re-  
5 search, Extension, and Teaching Policy Act of 1977 (7  
6 U.S.C. 3363(c)) is amended by striking “such sums as  
7 are necessary” and all that follows and inserting the fol-  
8 lowing: “to carry out this section—

9           “(1) such sums as are necessary for each of fis-  
10 cal years 2002 through 2012; and

11           “(2) \$2,000,000 for each of fiscal years 2013  
12 through 2017.”.

13 **Subtitle B—Food, Agriculture, Con-**  
14 **servation, and Trade Act of 1990**

15 **SEC. 7201. BEST UTILIZATION OF BIOLOGICAL APPLICA-**  
16 **TIONS.**

17           Section 1624 of the Food, Agriculture, Conservation,  
18 and Trade Act of 1990 (7 U.S.C. 5814) is amended—

19           (1) by striking “\$40,000,000 for each fiscal  
20 year”; and

21           (2) by inserting “\$40,000,000 for each of fiscal  
22 years 2012 through 2017” after “chapter”.

1 **SEC. 7202. INTEGRATED MANAGEMENT SYSTEMS.**

2 Section 1627 of the Food, Agriculture, Conservation,  
3 and Trade Act of 1990 (7 U.S.C. 5821) is amended by  
4 striking subsection (d) and inserting the following:

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
6 is authorized to be appropriated to carry out this section  
7 through the National Institute of Food and Agriculture  
8 \$20,000,000 for each of fiscal years 2012 through 2017.”.

9 **SEC. 7203. SUSTAINABLE AGRICULTURE TECHNOLOGY DE-**  
10 **VELOPMENT AND TRANSFER PROGRAM.**

11 Section 1628 of the Food, Agriculture, Conservation,  
12 and Trade Act of 1990 (7 U.S.C. 5831) is amended by  
13 striking subsection (f) and inserting the following:

14 “(f) AUTHORIZATION OF APPROPRIATIONS.—There  
15 are authorized to be appropriated to carry out this section  
16 such sums as are necessary for each of fiscal years 2012  
17 through 2017.”.

18 **SEC. 7204. NATIONAL TRAINING PROGRAM.**

19 Section 1629 of the Food, Agriculture, Conservation,  
20 and Trade Act of 1990 (7 U.S.C. 5832) is amended by  
21 striking subsection (i) and inserting the following:

22 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is  
23 authorized to be appropriated to carry out the National  
24 Training Program \$20,000,000 for each of fiscal years  
25 2012 through 2017.”.

1 **SEC. 7205. NATIONAL GENETICS RESOURCES PROGRAM.**

2 Section 1635(b) of the Food, Agriculture, Conserva-  
3 tion, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amend-  
4 ed—

5 (1) by striking “such funds as may be nec-  
6 essary”; and

7 (2) by striking “subtitle” and all that follows  
8 and inserting the following: “subtitle—

9 “(1) such sums as are necessary for each of fis-  
10 cal years 1991 through 2012; and

11 “(2) \$1,000,000 for each of fiscal years 2013  
12 through 2017.”.

13 **SEC. 7206. NATIONAL AGRICULTURAL WEATHER INFORMA-**  
14 **TION SYSTEM.**

15 Section 1641(e) of the Food, Agriculture, Conserva-  
16 tion, and Trade Act of 1990 (7 U.S.C. 5855(e)) is amend-  
17 ed by inserting “and \$1,000,000 for each of fiscal years  
18 2013 through 2017” before the period at the end.

19 **SEC. 7207. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**  
20 **TIATIVES.**

21 Section 1672 of the Food, Agriculture, Conservation,  
22 and Trade Act of 1990 (7 U.S.C. 5925) is amended—

23 (1) in the first sentence of subsection (a), by  
24 striking “subsections (e) through (i) of”;

25 (2) in subsection (b)(2)—

1 (A) by striking the first sentence and in-  
2 serting the following:

3 “(A) IN GENERAL.—To facilitate the mak-  
4 ing of research and extension grants under sub-  
5 section (d), the Secretary may appoint a task  
6 force to make recommendations to the Sec-  
7 retary.”; and

8 (B) in the second sentence, by striking  
9 “The Secretary may not incur costs in excess of  
10 \$1,000 for any fiscal year in connection with  
11 each” and inserting the following:

12 “(B) COSTS.—The Secretary may not  
13 incur costs in excess of \$1,000 for any fiscal  
14 year in connection with a”;

15 (3) in subsection (e)—

16 (A) by striking paragraphs (1) through  
17 (5), (7), (8), (11) through (39), (41) through  
18 (43), (47), (48), (51), and (52); and

19 (B) by redesignating paragraphs (6), (9),  
20 (10), (40), (44), (45), (46), (49), and (50) as  
21 paragraphs (1), (2), (3), (4), (5), (6), (7), (8),  
22 and (9), respectively;

23 (4) by striking subsections (f), (g), and (i);

24 (5) by inserting after subsection (e) the fol-  
25 lowing:

1 “(f) PULSE HEALTH INITIATIVE.—

2 “(1) DEFINITIONS.—In this subsection;

3 “(A) INITIATIVE.—The term ‘Initiative’  
4 means the pulse health initiative established by  
5 paragraph (2).

6 “(B) PULSE.—The term ‘pulse’ means dry  
7 beans, dry peas, lentils, and chickpeas or  
8 garbanzo beans.

9 “(2) ESTABLISHMENT.—Notwithstanding any  
10 other provision of law, during the period beginning  
11 on the date of enactment of the Agriculture Reform,  
12 Food, and Jobs Act of 2012 and ending on Sep-  
13 tember 30, 2017, the Secretary shall carry out a  
14 pulse crop health and extension initiative to address  
15 the critical needs of the pulse crop industry by devel-  
16 oping and disseminating science-based tools and in-  
17 formation, including—

18 “(A) research in health and nutrition, such  
19 as—

20 “(i) identifying global dietary patterns  
21 of pulse crops in relation to population  
22 health;

23 “(ii) researching pulse crop diets and  
24 the ability of the diets to reduce obesity  
25 and associated chronic disease (including

1 cardiovascular disease, type 2 diabetes,  
2 and cancer); and

3 “(iii) identifying the underlying mech-  
4 anisms of the health benefits of pulse crop  
5 consumption (including disease biomarkers,  
6 bioactive components, and relevant plant  
7 genetic components to enhance the health  
8 promoting value of pulse crops);

9 “(B) research in functionality, such as—

10 “(i) improving the functional prop-  
11 erties of pulse crops and pulse fractions;

12 “(ii) developing new and innovative  
13 technologies to improve pulse crops as an  
14 ingredient in food products; and

15 “(iii) developing nutrient-dense food  
16 product solutions to ameliorate chronic dis-  
17 ease and enhance food security worldwide;

18 “(C) research in sustainability to enhance  
19 global food security, such as—

20 “(i) plant breeding, genetics and  
21 genomics to improve productivity, nutrient  
22 density, and phytonutrient content for a  
23 growing world population;

24 “(ii) pest and disease management,  
25 including resistance to pests and diseases

1 resulting in reduced application manage-  
2 ment strategies; and

3 “(iii) improving nitrogen fixation to  
4 reduce the carbon and energy footprint of  
5 agriculture;

6 “(D) optimizing pulse cropping systems to  
7 reduce water usage; and

8 “(E) education and technical service, such  
9 as—

10 “(i) providing technical expertise to  
11 help food companies include nutrient-dense  
12 pulse crops in innovative and healthy  
13 foods; and

14 “(ii) establishing an educational pro-  
15 gram to encourage the consumption and  
16 production of pulse crops in the United  
17 States and other countries.

18 “(3) ELIGIBLE ENTITIES.—The Secretary may  
19 carry out the Initiative through—

20 “(A) Federal agencies, including the Agri-  
21 cultural Research Service and the National In-  
22 stitute of Food and Agriculture;

23 “(B) National Laboratories;

24 “(C) institutions of higher education;

25 “(D) research institutions or organizations;

1 “(E) private organizations or corporations;

2 “(F) State agricultural experiment sta-  
3 tions;

4 “(G) individuals; or

5 “(H) groups consisting of 2 or more enti-  
6 ties or individuals described in subparagraphs  
7 (A) through (G).

8 “(4) RESEARCH PROJECT GRANTS.—

9 “(A) IN GENERAL.—In carrying out this  
10 subsection, the Secretary shall award grants on  
11 a competitive basis.

12 “(B) IN GENERAL.—The Secretary shall—

13 “(i) seek and accept proposals for  
14 grants;

15 “(ii) determine the relevance and  
16 merit of proposals through a system of  
17 peer review, in consultation with the pulse  
18 crop industry; and

19 “(iii) award grants on the basis of  
20 merit, quality, and relevance.

21 “(C) PRIORITIES.—In making grants  
22 under this subsection, the Secretary shall pro-  
23 vide a higher priority to projects that—

24 “(i) are multistate, multiinstitutional,  
25 and multidisciplinary; and



1           delivering community-based training in  
2           food and agricultural safety and defense.

3           “(B) REQUIREMENTS.—To ensure that co-  
4           ordination and administration is provided  
5           across all the disciplines and provide com-  
6           prehensive food protection training, the Sec-  
7           retary may only consider an entire consortium  
8           collectively rather than on an institution-by-in-  
9           stitution basis.

10           “(C) MEMBERSHIP.—An eligible entity  
11           may alter the consortium membership to meet  
12           specific training expertise needs.

13           “(3) DUTIES OF ELIGIBLE ENTITY.—As a con-  
14           dition of the receipt of assistance under this sub-  
15           section, an eligible entity, in cooperation with the  
16           Secretary, shall establish and maintain the network  
17           for an internationally integrated training system to  
18           enhance protection of the United States food supply,  
19           including, at a minimum—

20           “(A) developing curricula and a training  
21           network to provide basic, technical, manage-  
22           ment, and leadership training to regulatory and  
23           public health officials, producers, processors,  
24           and other agrifood businesses;

1           “(B) serving as the hub for the adminis-  
2           tration of an open training network;

3           “(C) implementing standards to ensure the  
4           delivery of quality training through a national  
5           curricula;

6           “(D) building and overseeing a nationally  
7           recognized instructor cadre to ensure the avail-  
8           ability of highly qualified instructors;

9           “(E) reviewing training proposed through  
10          the National Institute of Food and Agriculture  
11          and other relevant Federal agencies that report  
12          to the Secretary on the quality and content of  
13          proposed and existing courses;

14          “(F) assisting Federal agencies in the im-  
15          plementation of food protection training re-  
16          quirements including requirements contained in  
17          the Agriculture Reform, Food, and Jobs Act of  
18          2012, the FDA Food Safety Modernization Act  
19          (Public Law 111–353; 124 Stat. 3885), and  
20          amendments made by those Acts; and

21          “(G) performing evaluation and outcome-  
22          based studies to provide to the Secretary feed-  
23          back on the effectiveness and impact of training  
24          and metrics on jurisdictions and sectors within  
25          the food safety system.

1           “(4) AUTHORIZATION OF APPROPRIATIONS.—

2           There is authorized to be appropriated to carry out  
3           this section \$20,000,000 for each of fiscal years  
4           2013 through 2017, to remain available until ex-  
5           pended.”;

6           (6) in subsection (h), by striking “2012” each  
7           place it appears and inserting “2017”;

8           (7) by redesignating subsection (j) as sub-  
9           section (i); and

10           (8) in subsection (i) (as so redesignated), by  
11           striking “2012” and inserting “2017”.

12 **SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**  
13 **SION INITIATIVE.**

14           Section 1672B of the Food, Agriculture, Conserva-  
15           tion, and Trade Act of 1990 (7 U.S.C. 5925b) is amend-  
16           ed—

17           (1) in subsection (a)—

18           (A) in the matter preceding paragraph (1),  
19           by inserting “, education,” after “support re-  
20           search”;

21           (B) in paragraph (1), by inserting “and  
22           improvement” after “development”;

23           (C) in paragraph (2), by striking “to pro-  
24           ducers and processors who use organic meth-  
25           ods” and inserting “of organic agricultural pro-

1           duction and methods to producers, processors,  
2           and rural communities”;

3           (D) in paragraph (5), by inserting “and  
4           researching solutions to” after “identifying”;  
5           and

6           (E) in paragraph (6), by striking “and  
7           marketing” and inserting “, marketing, and  
8           food safety”;

9           (2) by striking subsection (e);

10          (3) by redesignating subsection (f) as sub-  
11          section (e); and

12          (4) in subsection (e) (as so redesignated)—

13           (A) in paragraph (1)—

14           (i) in subparagraph (A), by striking  
15           “and” at the end;

16           (ii) in subparagraph (B), by striking  
17           the period at the end and inserting “;  
18           and”; and

19           (iii) by adding at the end the fol-  
20           lowing:

21           “(C) \$16,000,000 for each of fiscal years  
22           2013 through 2017.”; and

23           (B) in paragraph (2), by striking “2012”  
24           and inserting “2017”.

1 **SEC. 7209. FARM BUSINESS MANAGEMENT.**

2 Section 1672D(d) of the Food, Agriculture, Con-  
3 servation, and Trade Act of 1990 (7 U.S.C. 5925f(d)) is  
4 amended by striking “such sums as are necessary to carry  
5 out this section.” and inserting the following: “to carry  
6 out this section—

7 “(1) such sums as are necessary for fiscal year  
8 2012; and

9 “(2) \$5,000,000 for each of fiscal years 2013  
10 through 2017.”.

11 **SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

12 Subtitle H of the Food, Agriculture, Conservation,  
13 and Trade Act of 1990 is amended by inserting after sec-  
14 tion 1672D (7 U.S.C. 5925) the following:

15 **“SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

16 “(a) ESTABLISHMENT.—The Secretary may  
17 prioritize regional centers of excellence established for spe-  
18 cific agricultural commodities for the receipt of funding.

19 “(b) COMPOSITION.—A regional center of excellence  
20 shall be composed of 1 or more colleges and universities  
21 (including land-grant institutions, schools of forestry,  
22 schools of veterinary medicine, or NLGCA Institutions (as  
23 defined in section 1404 of the National Agricultural Re-  
24 search, Extension, and Teaching Policy Act of 1977 (7  
25 U.S.C. 3103))) that provide financial support to the re-  
26 gional center of excellence.

1           “(c) CRITERIA FOR REGIONAL CENTERS OF EXCEL-  
2 LENCE.—The criteria for consideration to be a regional  
3 center of excellence shall include efforts—

4           “(1) to ensure coordination and cost-effective-  
5 ness by reducing unnecessarily duplicative efforts re-  
6 garding research, teaching, and extension;

7           “(2) to leverage available resources by using  
8 public/private partnerships among agricultural in-  
9 dustry groups, institutions of higher education, and  
10 the Federal Government;

11           “(3) to implement teaching initiatives to in-  
12 crease awareness and effectively disseminate solu-  
13 tions to target audiences through extension activi-  
14 ties;

15           “(4) to increase the economic returns to rural  
16 communities by identifying, attracting, and directing  
17 funds to high-priority agricultural issues; and

18           “(5) to improve teaching capacity and infra-  
19 structure at colleges and universities (including land-  
20 grant institutions, schools of forestry, and schools of  
21 veterinary medicine, and NLGCA Institutions).

22           “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
23 is authorized to be appropriated to carry out this section  
24 \$10,000,000 for each of fiscal years 2013 through 2017.”.

1 **SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**  
2 **ERS WITH DISABILITIES.**

3 Section 1680(c)(1) of the Food, Agriculture, Con-  
4 servation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1))  
5 is amended—

6 (1) by striking “is” and inserting “are”; and

7 (2) by striking “section” and all that follows  
8 and inserting the following: “section—

9 “(A) \$6,000,000 for each of fiscal years  
10 1999 through 2012; and

11 “(B) \$5,000,000 for each of fiscal years  
12 2013 through 2017.”.

13 **SEC. 7212. NATIONAL RURAL INFORMATION CENTER**  
14 **CLEARINGHOUSE.**

15 Section 2381(e) of the Food, Agriculture, Conserva-  
16 tion, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is  
17 amended by striking “2012” and inserting “2017”.

18 **Subtitle C—Agricultural Research,**  
19 **Extension, and Education Re-**  
20 **form Act of 1998**

21 **SEC. 7301. RELEVANCE AND MERIT OF AGRICULTURAL RE-**  
22 **SEARCH, EXTENSION, AND EDUCATION FUND-**  
23 **ED BY THE DEPARTMENT.**

24 Section 103(a)(2) of the Agricultural Research, Ex-  
25 tension, and Education Reform Act of 1998 (7 U.S.C.  
26 7613(a)(2)) is amended—

1 (1) by striking the paragraph designation and  
2 heading and inserting the following:

3 “(2) RELEVANCE AND MERIT REVIEW OF RE-  
4 SEARCH, EXTENSION, AND EDUCATION GRANTS.—”;

5 (2) in subparagraph (A)—

6 (A) by inserting “relevance and” before  
7 “merit”; and

8 (B) by striking “extension or education”  
9 and inserting, “research, extension, or edu-  
10 cation”; and

11 (3) in subparagraph (B) by inserting “on a con-  
12 tinuous basis” after “procedures”.

13 **SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EX-**  
14 **TENSION COMPETITIVE GRANTS PROGRAM.**

15 Section 406(f) of the Agricultural Research, Exten-  
16 sion, and Education Reform Act of 1998 (7 U.S.C.  
17 7626(f)) is amended by striking “2012” and inserting  
18 “2017”.

19 **SEC. 7303. SUPPORT FOR RESEARCH REGARDING DISEASES**  
20 **OF WHEAT, TRITICALE, AND BARLEY CAUSED**  
21 **BY FUSARIUM GRAMINEARUM OR BY**  
22 **TILLETIA INDICA.**

23 Section 408(e) of the Agricultural Research, Exten-  
24 sion, and Education Reform Act of 1998 (7 U.S.C.  
25 7628(e)) is amended by striking “such sums as may be

1 necessary for each of fiscal years 1999 through 2012” and  
2 inserting “\$10,000,000 for each of fiscal years 2013  
3 through 2017”.

4 **SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.**

5 Section 410(d) of the Agricultural Research, Exten-  
6 sion, and Education Reform Act of 1998 (7 U.S.C.  
7 7630(d)) is amended by striking “section such sums as  
8 are necessary” and all that follows and inserting the fol-  
9 lowing: “section—

10 “(1) such sums as are necessary for each of fis-  
11 cal years 2008 through 2012; and

12 “(2) \$3,000,000 for each of fiscal years 2013  
13 through 2017.”.

14 **SEC. 7305. SPECIALTY CROP RESEARCH INITIATIVE.**

15 Section 412 of the Agricultural Research, Extension,  
16 and Education Reform Act of 1998 (7 U.S.C. 7632) is  
17 amended—

18 (1) in subsection (b)(3), by inserting “handling  
19 and processing,” after “production efficiency,”;

20 (2) in subsection (e)—

21 (A) in paragraph (1)—

22 (i) in subparagraph (B), by striking  
23 “and” at the end;

1                   (ii) in subparagraph (C), by striking  
2                   the period at the end and inserting “;  
3                   and”; and

4                   (iii) by inserting after subparagraph  
5                   (C) the following:

6                   “(D) consult with the specialty crops com-  
7                   mittee authorized under section 1408A of the  
8                   National Agricultural Research, Extension, and  
9                   Teaching Policy Act of 1977 (7 U.S.C. 3123a)  
10                  during the peer and merit review process.”; and

11                  (B) in paragraph (3), by striking “non-  
12                  Federal” and all that follows through the end  
13                  of the paragraph and inserting “other sources  
14                  in an amount that is at least equal to the  
15                  amount provided by a grant received under this  
16                  section.”; and

17                  (3) in subsection (h)—

18                   (A) in paragraph (1)—

19                   (i) by striking “(1) IN GENERAL.—Of  
20                   the funds” and inserting the following:

21                   “(1) MANDATORY FUNDING.—

22                   “(A) IN GENERAL.—Of the funds”; and

23                   (ii) by adding at the end the fol-  
24                   lowing:

1           “(B) SUBSEQUENT FUNDING.—Of the  
2 funds of the Commodity Credit Corporation, the  
3 Secretary shall make available to carry out this  
4 section—

5           “(i) \$25,000,000 for fiscal year 2013;

6           “(ii) \$30,000,000 for each of fiscal  
7 years 2014 and 2015;

8           “(iii) \$65,000,000 for fiscal year  
9 2016; and

10           “(iv) \$50,000,000 for fiscal year 2017  
11 and each fiscal year thereafter.”; and

12           (B) in paragraph (2), by striking “2012”  
13 and inserting “2017”.

14 **SEC. 7306. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE**  
15 **PROGRAM.**

16           Section 604(e) of the Agricultural Research, Exten-  
17 sion, and Education Reform Act of 1998 (7 U.S.C.  
18 7642(e)) is amended by striking “2012” and inserting  
19 “2017”.

20 **SEC. 7307. OFFICE OF PEST MANAGEMENT POLICY.**

21           Section 614(f) of the Agricultural Research, Exten-  
22 sion, and Education Reform Act of 1998 (7 U.S.C.  
23 7653(f)) is amended—

24           (1) by striking “such sums as are necessary”;

25           and

1           (2) by striking “section” and all that follows  
2           and inserting the following: “section—  
3           “(1) such sums as are necessary for each of fis-  
4           cal years 1999 through 2012; and  
5           “(2) \$3,000,000 for each of fiscal years 2013  
6           through 2017.”.

7 **SEC. 7308. AUTHORIZATION OF REGIONAL INTEGRATED**  
8           **PEST MANAGEMENT CENTERS.**

9           Subtitle B of title VI of the Agricultural Research,  
10          Extension, and Education Reform Act of 1998 (7 U.S.C.  
11          7651 et seq.) is amended by adding at the end the fol-  
12          lowing:

13 **“SEC. 621. AUTHORIZATION OF REGIONAL INTEGRATED**  
14           **PEST MANAGEMENT CENTERS.**

15          “(a) **IN GENERAL.**—There are established 4 regional  
16          integrated pest management centers (referred to in this  
17          section as the ‘Centers’), which shall be located at such  
18          specific locations in the north central, northeastern, south-  
19          ern, and western regions of the United States as the Sec-  
20          retary shall specify.

21          “(b) **PURPOSES.**—The purposes of the Centers shall  
22          be—

23                 “(1) to strengthen the connection of the De-  
24                 partment with production agriculture, research, and

1 extension programs, and agricultural stakeholders  
2 throughout the United States;

3 “(2) to increase the effectiveness of providing  
4 pest management solutions for the private and pub-  
5 lic sectors;

6 “(3) to quickly respond to information needs of  
7 the public and private sectors; and

8 “(4) to improve communication among the rel-  
9 evant stakeholders.

10 “(c) DUTIES.—In meeting the purposes described in  
11 subsection (b) and otherwise carrying out this section, the  
12 Centers shall—

13 “(1) develop regional strategies to address pest  
14 management needs;

15 “(2) assist the Department and partner institu-  
16 tions of the Department in identifying, prioritizing,  
17 and coordinating a national pest management re-  
18 search, extension, and education program imple-  
19 mented on a regional basis;

20 “(3) establish a national pest management com-  
21 munication network that includes—

22 “(A) the agencies of the Department and  
23 other government agencies;

24 “(B) scientists at institutions of higher  
25 education; and

1           “(C) stakeholders focusing on pest man-  
2           agement issues;

3           “(4) serve as regional hubs responsible for en-  
4           suring efficient access to pest management expertise  
5           and data available through institutions of higher  
6           education; and

7           “(5) on behalf of the Department, manage  
8           grants that can be most effectively and efficiently  
9           delivered at the regional level, as determined by the  
10          Secretary.”.

## 11           **Subtitle D—Other Laws**

### 12          **SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.**

13          Section 16(a) of the Critical Agricultural Materials  
14          Act (7 U.S.C. 178n(a)) is amended—

15                 (1) by striking “such sums as are necessary”;  
16          and

17                 (2) by striking “Act” and all that follows and  
18          inserting the following: “Act—

19                         “(1) such sums as are necessary for each of fis-  
20                         cal years 1991 through 2012; and

21                         “(2) \$2,000,000 for each of fiscal years 2013  
22                         through 2017.”.

1 **SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT STATUS**

2 **ACT OF 1994.**

3 (a) DEFINITION OF 1994 INSTITUTIONS.—Section  
4 532 of the Equity in Educational Land-Grant Status Act  
5 of 1994 (7 U.S.C. 301 note; Public Law 103–382) is  
6 amended to read as follows:

7 **“SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

8 “In this part, the term ‘1994 Institutions’ means any  
9 1 of the following:

10 “(1) Aaniiih Nakoda College.

11 “(2) Bay Mills Community College.

12 “(3) Blackfeet Community College.

13 “(4) Cankdeska Cikana Community College.

14 “(5) Chief Dull Knife Memorial College.

15 “(6) College of Menominee Nation.

16 “(7) College of the Muscogee Nation.

17 “(8) Comanche Nation College.

18 “(9) D-Q University.

19 “(10) Dine College.

20 “(11) Fond du Lac Tribal and Community Col-  
21 lege.

22 “(12) Fort Berthold Community College.

23 “(13) Fort Peck Community College.

24 “(14) Haskell Indian Nations University.

25 “(15) Ilisagvik College.

1           “(16) Institute of American Indian and Alaska  
2           Native Culture and Arts Development.

3           “(17) Keweenaw Bay Ojibwa Community Col-  
4           lege.

5           “(18) Lac Courte Oreilles Ojibwa Community  
6           College.

7           “(19) Leech Lake Tribal College.

8           “(20) Little Big Horn College.

9           “(21) Little Priest Tribal College.

10          “(22) Navajo Technical College.

11          “(23) Nebraska Indian Community College.

12          “(24) Northwest Indian College.

13          “(25) Oglala Lakota College.

14          “(26) Saginaw Chippewa Tribal College.

15          “(27) Salish Kootenai College.

16          “(28) Sinte Gleska University.

17          “(29) Sisseton Wahpeton College.

18          “(30) Sitting Bull College.

19          “(31) Southwestern Indian Polytechnic Insti-  
20          tute.

21          “(32) Stone Child College.

22          “(33) Tohono O’odham Community College.

23          “(34) Turtle Mountain Community College.

24          “(35) United Tribes Technical College.

1           “(36) White Earth Tribal and Community Col-  
2           lege.”.

3           (b) ENDOWMENT FOR 1994 INSTITUTIONS.—

4           (1) IN GENERAL.—Section 533 of the Equity in  
5           Educational Land-Grant Status Act of 1994 (7  
6           U.S.C. 301 note; Public Law 103–382) is amend-  
7           ed—

8                   (A) in subsection (a)(2)(A)(ii), by striking  
9                   “of such Act as added by section 534(b)(1) of  
10                   this part” and inserting “of that Act (7 U.S.C.  
11                   343(b)(3)) and for programs for children,  
12                   youth, and families at risk and for Federally  
13                   recognized tribes implemented under section  
14                   3(d) of that Act (7 U.S.C. 343(d))”; and

15                   (B) in subsection (b), in the first sentence  
16                   by striking “2012” and inserting “2017”.

17           (2) CONFORMING AMENDMENT.—Section 3(d)  
18           of the Smith-Lever Act (7 U.S.C. 343(d)) is amend-  
19           ed in the second sentence by inserting “and, in the  
20           case of programs for children, youth, and families at  
21           risk and for Federally recognized tribes, the 1994  
22           Institutions (as defined in section 532 of the Equity  
23           in Educational Land-Grant Status Act of 1994 (7  
24           U.S.C. 301 note; Public Law 103–382)),” before  
25           “may compete for”.

1           (c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—  
2 Section 535 of the Equity in Educational Land-Grant Sta-  
3 tus Act of 1994 (7 U.S.C. 301 note; Public Law 103–  
4 382) is amended by striking “2012” each place it appears  
5 in subsections (b)(1) and (c) and inserting “2017”.

6           (d) RESEARCH GRANTS.—

7           (1) AUTHORIZATION OF APPROPRIATIONS.—  
8 Section 536(c) of the Equity in Educational Land-  
9 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-  
10 lic Law 103–382) is amended in the first sentence  
11 by striking “2012” and inserting “2017”.

12           (2) RESEARCH GRANT REQUIREMENTS.—Sec-  
13 tion 536(b) of the Equity in Educational Land-  
14 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-  
15 lic Law 103–382) is amended by striking “with at  
16 least 1 other land-grant college or university” and  
17 all that follows and inserting the following: “with—  
18 “

19           “(1) the Agricultural Research Service of the  
20 Department of Agriculture; or

21           “(2) at least 1—

22           “(A) other land-grant college or university  
23 (exclusive of another 1994 Institution);

24           “(B) non-land-grant college of agriculture  
25 (as defined in section 1404 of the National Ag-

1           ricultural Research, Extension, and Teaching  
2           Policy Act of 1977 (7 U.S.C. 3103)); or

3                   “(C) cooperating forestry school (as de-  
4           fined in that section).”.

5           (e) EFFECTIVE DATE.—The amendments made by  
6 subsections (a), (b), and (d)(2) take effect on October 1,  
7 2012.

8   **SEC. 7403. RESEARCH FACILITIES ACT.**

9           Section 6(a) of the Research Facilities Act (7 U.S.C.  
10 390d(a)) is amended by striking “2012” and inserting  
11 “2017”.

12   **SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES RE-**  
13                   **SEARCH GRANT ACT.**

14           Section 2 of the Competitive, Special, and Facilities  
15 Research Grant Act (7 U.S.C. 450i) is amended—

16                   (1) in subsection (b)(11)(A), in the matter pre-  
17           ceding clause (i), by striking “2012” and inserting  
18           “2017”; and

19                   (2) by adding at the end the following:

20                   “(1) STREAMLINING GRANT APPLICATION PROC-  
21   ESS.—Not later than 1 year after the date of enactment  
22 of this subsection, the Secretary shall submit to Congress  
23 a report that includes—

24                           “(1) an analysis of barriers that exist in the  
25           competitive grants process administered by the Na-

1 tional Institute of Food and Agriculture that prevent  
2 eligible institutions and organizations with limited  
3 institutional capacity from successfully applying and  
4 competing for competitive grants; and

5 “(2) specific recommendations for future steps  
6 that the Department can take to streamline the  
7 competitive grants application process so as to re-  
8 move the barriers and increase the success rates of  
9 applicants described in paragraph (1).”.

10 **SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT PRO-**  
11 **GRAM UNDER DEPARTMENT OF AGRI-**  
12 **CULTURE REORGANIZATION ACT OF 1994.**

13 Section 308(b)(6) of the Department of Agriculture  
14 Reorganization Act of 1994 (7 U.S.C. 3125a note; Public  
15 Law 103–354) is amended by striking subparagraph (A)  
16 and inserting the following:

17 “(A) on September 30, 2017; or”.

18 **SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT OF**  
19 **1978.**

20 (a) **AUTHORIZATION OF APPROPRIATIONS.**—Section  
21 6 of the Renewable Resources Extension Act of 1978 (16  
22 U.S.C. 1675) is amended in the first sentence by striking  
23 “2012” and inserting “2017”.

24 (b) **TERMINATION DATE.**—Section 8 of the Renew-  
25 able Resources Extension Act of 1978 (16 U.S.C. 1671

1 note; Public Law 95–306) is amended by striking “2012”  
2 and inserting “2017”.

3 **SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.**

4 Section 10 of the National Aquaculture Act of 1980  
5 (16 U.S.C. 2809) is amended by striking “2012” each  
6 place it appears and inserting “2017”.

7 **SEC. 7408. BEGINNING FARMER AND RANCHER DEVELOP-**  
8 **MENT PROGRAM UNDER FARM SECURITY**  
9 **AND RURAL INVESTMENT ACT OF 2002.**

10 Section 7405 of the Farm Security and Rural Invest-  
11 ment Act of 2002 (7 U.S.C. 3319f) is amended—

12 (1) in subsection (c)(8)—

13 (A) in subparagraph (B), by striking  
14 “and” at the end;

15 (B) in subparagraph (C), by striking the  
16 period at the end and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(D) beginning farmers and ranchers who  
19 are veterans (as defined in section 101 of title  
20 38, United States Code).”; and

21 (2) in subsection (h)—

22 (A) in paragraph (1)—

23 (i) in subparagraph (A), by striking  
24 “and” at the end;

1 (ii) in subparagraph (B), by striking  
2 the period at the end and inserting “;  
3 and”; and

4 (iii) by adding at the end the fol-  
5 lowing:

6 “(C) \$50,000,000 for fiscal year 2013, to  
7 remain available until expended.”; and

8 (B) in paragraph (2), by striking “2012”  
9 and inserting “2017”.

10 **Subtitle E—Food, Conservation,**  
11 **and Energy Act of 2008**

12 **PART I—AGRICULTURAL SECURITY**

13 **SEC. 7501. AGRICULTURAL BIOSECURITY COMMUNICATION**

14 **CENTER.**

15 Section 14112 of the Food, Conservation, and En-  
16 ergy Act of 2008 (7 U.S.C. 8912) is amended by striking  
17 subsection (c) and inserting the following:

18 “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
19 are authorized to be appropriated to carry out this sec-  
20 tion—

21 “(1) such sums as are necessary for each of fis-  
22 cal years 2008 through 2012; and

23 “(2) \$2,000,000 for each of fiscal years 2013  
24 through 2017.”.

1 **SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN AG-**  
2 **RICULTURAL BIOSECURITY PLANNING, PREP-**  
3 **ARATION, AND RESPONSE.**

4 Section 14113 of the Food, Conservation, and En-  
5 ergy Act of 2008 (7 U.S.C. 8913) is amended—

6 (1) in subsection (a)(2)—

7 (A) by striking “such sums as may be nec-  
8 essary”; and

9 (B) by striking “subsection” and all that  
10 follows and inserting the following: “sub-  
11 section—

12 “(1) such sums as are necessary for each of fis-  
13 cal years 2008 through 2012; and

14 “(2) \$15,000,000 for each of fiscal years 2013  
15 through 2017.”; and

16 (2) in subsection (b)(2), by striking “is author-  
17 ized to be appropriated to carry out this subsection”  
18 and all that follows and inserting the following: “are  
19 authorized to be appropriated to carry out this sub-  
20 section—

21 “(1) \$25,000,000 for each of fiscal years 2008  
22 through 2012; and

23 “(2) \$15,000,000 for each of fiscal years 2013  
24 through 2017.”.

1 **SEC. 7503. RESEARCH AND DEVELOPMENT OF AGRICUL-**  
2 **TURAL COUNTERMEASURES.**

3 Section 14121(b) of the Food, Conservation, and En-  
4 ergy Act of 2008 (7 U.S.C. 8921(b)) is amended by strik-  
5 ing “is authorized to be appropriated to carry out this sec-  
6 tion” and all that follows and inserting the following: “are  
7 authorized to be appropriated to carry out this section—

8 “(1) \$50,000,000 for each of fiscal years 2008  
9 through 2012; and

10 “(2) \$15,000,000 for each of fiscal years 2013  
11 through 2017.”.

12 **SEC. 7504. AGRICULTURAL BIOSECURITY GRANT PROGRAM.**

13 Section 14122(e) of the Food, Conservation, and En-  
14 ergy Act of 2008 (7 U.S.C. 8922(e)) is amended—

15 (1) by striking “such sums as are necessary”;  
16 and

17 (2) by striking “section” and all that follows  
18 and inserting the following: “section—

19 “(1) such sums as are necessary for each of fis-  
20 cal years 2008 through 2012, to remain available  
21 until expended; and

22 “(2) \$5,000,000 for each of fiscal years 2013  
23 through 2017, to remain available until expended.”.

1                                   **PART II—MISCELLANEOUS**

2   **SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.**

3           Section 7502 of the Food, Conservation, and Energy  
4 Act of 2008 (Public Law 110–246; 112 Stat. 2019) is  
5 amended by striking “for the 5-year period beginning on  
6 the date of enactment of this Act” and inserting “until  
7 September 30, 2017”.

8   **SEC. 7512. BUDGET SUBMISSION AND FUNDING.**

9           Section 7506 of the Food, Conservation, and Energy  
10 Act of 2008 (7 U.S.C. 7614e) is amended—

11                   (1) in subsection (a)—

12                                   (A) by striking “(a) DEFINITION OF COM-  
13 PETITIVE PROGRAMS.—In this section, the  
14 term”; and inserting the following:

15           “(a) DEFINITIONS.—In this section:

16                   “(1) COMPETITIVE PROGRAMS.—The term”;  
17 and

18                                   (B) by adding at the end the following:

19                   “(2) COVERED PROGRAM.—The term ‘covered  
20 program’ means—

21                                   “(A) each research program carried out by  
22 the Agricultural Research Service or the Eco-  
23 nomic Research Service for which annual appro-  
24 priations are requested in the annual budget  
25 submission of the President; and

1           “(B) each competitive program (as defined  
2           in section 251(f)(1) of the Department of Agri-  
3           culture Reorganization Act of 1994 (7 U.S.C.  
4           6971(f)(1))) carried out by the National Insti-  
5           tute of Food and Agriculture for which annual  
6           appropriations are requested in the annual  
7           budget submission of the President.

8           “(3) REQUEST FOR AWARDS.—The term ‘re-  
9           quest for awards’ means a funding announcement  
10          published by the National Institute of Food and Ag-  
11          riculture that provides detailed information on fund-  
12          ing opportunities at the Institute, including the pur-  
13          pose, eligibility, restriction, focus areas, evaluation  
14          criteria, regulatory information, and instructions on  
15          how to apply for such opportunities.”; and

16          (2) by adding at the end the following:

17          “(e) ADDITIONAL PRESIDENTIAL BUDGET SUBMIS-  
18          SION REQUIREMENT.—

19                 “(1) IN GENERAL.—Each year, the President  
20                 shall submit to Congress, together with the annual  
21                 budget submission of the President, the information  
22                 described in paragraph (2) for each funding request  
23                 for a covered program.

24                 “(2) INFORMATION DESCRIBED.—The informa-  
25                 tion described in this paragraph includes—

1           “(A) baseline information, including with  
2           respect to each covered program—

3                   “(i) the funding level for the program  
4                   for the fiscal year preceding the year the  
5                   annual budget submission of the President  
6                   is submitted;

7                   “(ii) the funding level requested in the  
8                   annual budget submission of the President,  
9                   including any increase or decrease in the  
10                  funding level; and

11                  “(iii) an explanation justifying any  
12                  change from the funding level specified in  
13                  clause (i) to the level specified in clause  
14                  (ii);

15           “(B) with respect to each covered program  
16           that is carried out by the Economic Research  
17           Service or the Agricultural Research Service,  
18           the location and staff years of the program;

19           “(C) the proposed funding levels to be allo-  
20           cated to, and the expected publication date,  
21           scope, and allocation level for, each request for  
22           awards to be published under—

23                   “(i) each priority area specified in sec-  
24                   tion 2(b)(2) of the Competitive, Special,

1 and Facilities Research Grant Act (7  
2 U.S.C. 450i(b)(2));

3 “(ii) each research and extension  
4 project carried out under section 1621(a)  
5 of the Food, Agriculture, Conservation,  
6 and Trade Act of 1990 (7 U.S.C.  
7 5811(a));

8 “(iii) each grant awarded under sec-  
9 tion 1672B(a) of the Food, Agriculture,  
10 Conservation, and Trade Act of 1990 (7  
11 U.S.C. 5925b(a));

12 “(iv) each grant awarded under sec-  
13 tion 412(b) of the Agricultural Research,  
14 Extension, and Education Reform Act of  
15 1998 (7 U.S.C. 7632(b)); and

16 “(v) each grant awarded under  
17 7405(c)(1) of the Farm Security and  
18 Rural Investment Act of 2002 (7 U.S.C.  
19 3319f(c)(1)); or

20 “(D) any other information the Secretary  
21 determines will increase congressional oversight  
22 with respect to covered programs.

23 “(3) PROHIBITION.—Unless the President sub-  
24 mits the information described in paragraph (2)(C)  
25 for a fiscal year, the President may not carry out

1 any program during the fiscal year that is author-  
2 ized under—

3 “(A) section 2(b) of the Competitive, Spe-  
4 cial, and Facilities Research Grant Act (7  
5 U.S.C. 450i(b));

6 “(B) section 1621 of the Food, Agri-  
7 culture, Conservation, and Trade Act of 1990  
8 (7 U.S.C. 5811);

9 “(C) section 1672B of the Food, Agri-  
10 culture, Conservation, and Trade Act of 1990  
11 (7 U.S.C. 5925b);

12 “(D) section 411 of the Agricultural Re-  
13 search, Extension, and Education Reform Act  
14 of 1998 (7 U.S.C. 7631); or

15 “(E) section 7405 of the Farm Security  
16 and Rural Investment Act of 2002 (7 U.S.C.  
17 3319f).

18 “(f) REPORT OF THE SECRETARY OF AGRI-  
19 CULTURE.—Each year on a date that is not later than  
20 the date on which the President submits the annual budg-  
21 et submission, the Secretary shall submit to Congress a  
22 report containing a description of the agricultural re-  
23 search, extension, and education activities carried out by  
24 the Federal Government during the fiscal year that imme-

1 diately precedes the year for which the report is submitted,  
2 including—

3 “(1) a review of the extent to which those ac-  
4 tivities—

5 “(A) are duplicative or overlap within the  
6 Department of Agriculture; or

7 “(B) are similar to activities carried out  
8 by—

9 “(i) other Federal agencies;

10 “(ii) the States (including the District  
11 of Columbia, the Commonwealth of Puerto  
12 Rico and other territories or possessions of  
13 the United States);

14 “(iii) institutions of higher education  
15 (as defined in section 101 of the Higher  
16 Education Act of 1965 (20 U.S.C. 1001));

17 or

18 “(iv) the private sector; and

19 “(2) for each report submitted under this sec-  
20 tion on or after January 1, 2013, a 5-year projection  
21 of national priorities with respect to agricultural re-  
22 search, extension, and education, taking into account  
23 both domestic and international needs.”.

1 **SEC. 7513. NATURAL PRODUCTS RESEARCH PROGRAM.**

2 Section 7525 of the Food, Conservation, and Energy  
3 Act of 2008 (7 U.S.C. 5937) is amended by striking sub-  
4 section (e) and inserting the following:

5 “(e) AUTHORIZATION OF APPROPRIATIONS.—There  
6 is authorized to be appropriated to carry out this section  
7 \$7,000,000 for each of fiscal years 2013 through 2017.”.

8 **SEC. 7514. SUN GRANT PROGRAM.**

9 (a) IN GENERAL.—Section 7526 of the Food, Con-  
10 servation, and Energy Act of 2008 (7 U.S.C. 8114) is  
11 amended—

12 (1) in subsection (a)(4)(B), by striking “the  
13 Department of Energy” and inserting “other appro-  
14 priate Federal agencies (as determined by the Sec-  
15 retary)”;

16 (2) in subsection (b)(1)—

17 (A) in subparagraph (A), by striking “at  
18 South Dakota State University”;

19 (B) in subparagraph (B), by striking “at  
20 the University of Tennessee at Knoxville”;

21 (C) in subparagraph (C), by striking “at  
22 Oklahoma State University”;

23 (D) in subparagraph (D), by striking “at  
24 Oregon State University”;

25 (E) in subparagraph (E), by striking “at  
26 Cornell University”; and

1 (F) in subparagraph (F), by striking “at  
2 the University of Hawaii”;

3 (3) in subsection (c)(1)—

4 (A) in subparagraph (B), by striking  
5 “multistate” and all that follows through “tech-  
6 nology implementation” and inserting “inte-  
7 grated, multistate research, extension, and edu-  
8 cation programs on technology development and  
9 technology implementation”;

10 (B) by striking subparagraph (C); and

11 (C) by redesignating subparagraph (D) as  
12 subparagraph (C);

13 (4) in subsection (d)—

14 (A) in paragraph (1)—

15 (i) by striking “gasification” and in-  
16 serting “bioproducts”; and

17 (ii) by striking “the Department of  
18 Energy” and inserting “other appropriate  
19 Federal agencies”;

20 (B) by striking paragraph (2);

21 (C) by redesignating paragraphs (3) and  
22 (4) as paragraphs (2) and (3), respectively; and

23 (D) in paragraph (1), by striking “in ac-  
24 cordance with paragraph (2)”;



1           (1) IN GENERAL.—The Secretary shall establish  
2 a nonprofit corporation to be known as the “Foun-  
3 dation for Food and Agriculture Research”.

4           (2) STATUS.—

5           (A) TAX-EXEMPT STATUS.—The Founda-  
6 tion shall be considered to be an entity de-  
7 scribed in section 501(c)(3) of the Internal Rev-  
8 enue Code of 1986 and exempt from taxation  
9 under section 501(a) of such Code.

10           (B) LIMITATION.—The Foundation shall  
11 not be an agency or instrumentality of the  
12 United States Government.

13           (c) PURPOSES.—The purposes of the Foundation  
14 shall be—

15           (1) to advance the research mission of the De-  
16 partment by supporting agricultural research activi-  
17 ties focused on addressing key problems of national  
18 and international significance including—

19           (A) plant health, production, and plant  
20 products;

21           (B) animal health, production, and prod-  
22 ucts;

23           (C) food safety, nutrition, and health;

24           (D) renewable energy, natural resources,  
25 and the environment;



1 purposes of the Foundation described in  
2 subsection (c); and

3 (ii) coordinate Foundation activities  
4 with those programs so as to minimize du-  
5 plication of existing efforts;

6 (C) identify unmet and emerging agricul-  
7 tural research needs after reviewing the Road-  
8 map for Agricultural Research, Education and  
9 Extension as required by section 7504 of the  
10 Food, Conservation, and Energy Act of 2008 (7  
11 U.S.C. 7614a);

12 (D) facilitate technology transfer and re-  
13 lease of information and data gathered from the  
14 activities of the Foundation to the agricultural  
15 research community;

16 (E) promote and encourage the develop-  
17 ment of the next generation of agricultural re-  
18 search scientists; and

19 (F) carry out such other activities as the  
20 Board determines to be consistent with the pur-  
21 poses of the Foundation.

22 (2) AUTHORITY.—The Foundation shall be the  
23 sole entity responsible for carrying out the activities  
24 described in this subsection.

1           (3) RELATIONSHIP TO OTHER ACTIVITIES.—

2           The activities described in paragraph (1) shall be  
3           supplemental to any other activities at the Depart-  
4           ment and shall not preempt any authority or respon-  
5           sibility of the Department under another provision  
6           of law.

7           (e) BOARD OF DIRECTORS.—

8           (1) ESTABLISHMENT.—The Foundation shall  
9           be governed by a Board of Directors.

10          (2) COMPOSITION.—

11           (A) IN GENERAL.—The Board shall be  
12           composed of appointed and ex-officio, nonvoting  
13           members.

14           (B) EX-OFFICIO MEMBERS.—The ex-officio  
15           members of the Board shall be the following in-  
16           dividuals or designees:

17           (i) The Secretary.

18           (ii) The Under Secretary of Agri-  
19           culture for Research, Education, and Eco-  
20           nomics.

21           (iii) The Administrator of the Agricul-  
22           tural Research Service.

23           (iv) The Director of the National In-  
24           stitute of Food and Agriculture.

1 (v) The Director of the National  
2 Science Foundation.

3 (C) APPOINTED MEMBERS.—

4 (i) IN GENERAL.—The ex-officio mem-  
5 bers of the Board under subparagraph (B)  
6 shall, by majority vote, appoint to the  
7 Board 15 individuals, of whom—

8 (I) 8 shall be selected from a list  
9 of candidates to be provided by the  
10 National Academy of Sciences; and

11 (II) 7 shall be selected from lists  
12 of candidates provided by industry.

13 (ii) REQUIREMENTS.—

14 (I) EXPERTISE.—The ex-officio  
15 members shall ensure that a majority  
16 of the members of the Board have ac-  
17 tual experience in agricultural re-  
18 search and, to the extent practicable,  
19 represent diverse sectors of agri-  
20 culture.

21 (II) LIMITATION.—No employee  
22 of the Federal Government may serve  
23 as an appointed member of the Board  
24 under this subparagraph.

1 (III) NOT FEDERAL EMPLOY-  
2 MENT.—Appointment to the Board  
3 under this subparagraph shall not  
4 constitute Federal employment.

5 (iii) AUTHORITY.—All appointed  
6 members of the Board shall be voting  
7 members.

8 (D) CHAIR.—The Board shall, from among  
9 the members of the Board, designate an indi-  
10 vidual to serve as Chair of the Board.

11 (3) INITIAL MEETING.—Not later than 60 days  
12 after the date of enactment of this Act, the Sec-  
13 retary shall convene a meeting of the ex-officio mem-  
14 bers of the Board—

15 (A) to incorporate the Foundation; and

16 (B) to appoint the members of the Board  
17 in accordance with paragraph (2)(C)(i).

18 (4) DUTIES.—

19 (A) IN GENERAL.—The Board shall—

20 (i) establish bylaws for the Founda-  
21 tion that, at a minimum, include—

22 (I) policies for the selection of fu-  
23 ture Board members, officers, employ-  
24 ees, agents, and contractors of the  
25 Foundation;

1 (II) policies, including ethical  
2 standards, for—

3 (aa) the acceptance, solicita-  
4 tion, and disposition of donations  
5 and grants to the Foundation;  
6 and

7 (bb) the disposition of assets  
8 of the Foundation, including ap-  
9 propriate limits on the ability of  
10 donors to designate, by stipula-  
11 tion or restriction, the use or re-  
12 cipient of donated funds;

13 (III) policies that would subject  
14 all employees, fellows, trainees, and  
15 other agents of the Foundation (in-  
16 cluding members of the Board) to the  
17 conflict of interest standards under  
18 section 208 of title 18, United States  
19 Code;

20 (IV) policies for writing, editing,  
21 printing, publishing, and vending of  
22 books and other materials;

23 (V) policies for the conduct of  
24 the general operations of the Founda-  
25 tion, including a cap on administrative

1 expenses for recipients of a grant,  
2 contract, or cooperative agreement  
3 from the Foundation; and

4 (VI) specific duties for the Exec-  
5 utive Director;

6 (ii) prioritize and provide overall di-  
7 rection for the activities of the Foundation;

8 (iii) evaluate the performance of the  
9 Executive Director; and

10 (iv) carry out any other necessary ac-  
11 tivities regarding the Foundation.

12 (B) ESTABLISHMENT OF BYLAWS.—In es-  
13 tablishing bylaws under subparagraph (A)(i),  
14 the Board shall ensure that the bylaws do  
15 not—

16 (i) reflect unfavorably on the ability of  
17 the Foundation to carry out the duties of  
18 the Foundation in a fair and objective  
19 manner; or

20 (ii) compromise, or appear to com-  
21 promise, the integrity of any governmental  
22 agency or program, or any officer or em-  
23 ployee employed by or involved in a govern-  
24 mental agency or program.

25 (5) TERMS AND VACANCIES.—

1 (A) TERMS.—

2 (i) IN GENERAL.—The term of each  
3 member of the Board appointed under  
4 paragraph (2)(C) shall be 5 years.

5 (ii) PARTIAL TERMS.—If a member of  
6 the Board does not serve the full term ap-  
7 plicable under clause (i), the individual ap-  
8 pointed to fill the resulting vacancy shall  
9 be appointed for the remainder of the term  
10 of the predecessor of the individual.

11 (iii) TRANSITION.—A member of the  
12 Board may continue to serve after the ex-  
13 piration of the term of the member until a  
14 successor is appointed.

15 (B) VACANCIES.—Any vacancy in the  
16 membership of the Board shall be filled in the  
17 manner in which the original position was made  
18 and shall not affect the power of the remaining  
19 members to execute the duties of the Board.

20 (6) COMPENSATION.—Members of the Board  
21 may not receive compensation for service on the  
22 Board but may be reimbursed for travel, subsist-  
23 ence, and other necessary expenses incurred in car-  
24 rying out the duties of the Board.

1           (7) MEETINGS AND QUORUM.—A majority of  
2           the members of the Board shall constitute a quorum  
3           for purposes of conducting business of the Board.

4           (f) ADMINISTRATION.—

5           (1) EXECUTIVE DIRECTOR.—

6           (A) IN GENERAL.—The Board shall hire  
7           an Executive Director who shall carry out such  
8           duties and responsibilities as the Board may  
9           prescribe.

10          (B) SERVICE.—The Executive Director  
11          shall serve at the pleasure of the Board.

12          (2) ADMINISTRATIVE POWERS.—

13          (A) IN GENERAL.—In carrying out this  
14          section, the Board, acting through the Execu-  
15          tive Director, may—

16               (i) adopt, alter, and use a corporate  
17               seal, which shall be judicially noticed;

18               (ii) hire, promote, compensate, and  
19               discharge 1 or more officers, employees,  
20               and agents, as may be necessary, and de-  
21               fine the duties of the officers, employees,  
22               and agents;

23               (iii) solicit and accept any funds,  
24               gifts, grants, devises, or bequests of real or  
25               personal property made to the Foundation,

1 including such support from private enti-  
2 ties;

3 (iv) prescribe the manner in which—

4 (I) real or personal property of  
5 the Foundation is acquired, held, and  
6 transferred;

7 (II) general operations of the  
8 Foundation are to be conducted; and

9 (III) the privileges granted to the  
10 Board by law are exercised and en-  
11 joyed;

12 (v) with the consent of the applicable  
13 executive department or independent agen-  
14 cy, use the information, services, and facili-  
15 ties of the department or agency in car-  
16 rying out this section;

17 (vi) enter into contracts with public  
18 and private organizations for the writing,  
19 editing, printing, and publishing of books  
20 and other material;

21 (vii) hold, administer, invest, and  
22 spend any gift, devise, or bequest of real or  
23 personal property made to the Foundation;

24 (viii) enter into such contracts, leases,  
25 cooperative agreements, and other trans-

1 actions as the Board considers appropriate  
2 to conduct the activities of the Foundation;

3 (ix) modify or consent to the modifica-  
4 tion of any contract or agreement to which  
5 the Foundation is a party or in which the  
6 Foundation has an interest;

7 (x) take such action as may be nec-  
8 essary to obtain patents and licenses for  
9 devices and procedures developed by the  
10 Foundation and employees of the Founda-  
11 tion;

12 (xi) sue and be sued in the corporate  
13 name of the Foundation, and complain and  
14 defend in courts of competent jurisdiction;

15 (xii) appoint other groups of advisors  
16 as may be determined necessary to carry  
17 out the functions of the Foundation; and

18 (xiii) exercise such other incidental  
19 powers as are necessary to carry out the  
20 duties and functions of the Foundation in  
21 accordance with this section

22 (B) LIMITATION.—No appointed member  
23 of the Board or officer or employee of the  
24 Foundation or of any program established by  
25 the Foundation (other than ex-officio members

1 of the Board) shall exercise administrative con-  
2 trol over any Federal employee

3 (3) RECORDS.—

4 (A) AUDITS.—The Foundation shall—

5 (i) provide for annual audits of the fi-  
6 nancial condition of the Foundation; and

7 (ii) make the audits, and all other  
8 records, documents, and other papers of  
9 the Foundation, available to the Secretary  
10 and the Comptroller General of the United  
11 States for examination or audit.

12 (B) REPORTS.—

13 (i) ANNUAL REPORT ON FOUNDA-  
14 TION.—

15 (I) IN GENERAL.—Not later than  
16 5 months following the end of each  
17 fiscal year, the Foundation shall pub-  
18 lish a report for the preceding fiscal  
19 year that includes—

20 (aa) a description of Foun-  
21 dation activities, including ac-  
22 complishments; and

23 (bb) a comprehensive state-  
24 ment of the operations and finan-  
25 cial condition of the Foundation.

1 (II) FINANCIAL CONDITION.—

2 Each report under subclause (I) shall  
3 include a description of all gifts or  
4 grants to the Foundation of real or  
5 personal property or money, which  
6 shall include—

7 (aa) the source of the gifts  
8 or grants; and

9 (bb) any restrictions on the  
10 purposes for which the gift or  
11 grant may be used.

12 (III) AVAILABILITY.—The Foun-  
13 dation shall—

14 (aa) make copies of each re-  
15 port submitted under subclause  
16 (I) available for public inspection;  
17 and

18 (bb) on request, provide a  
19 copy of the report to any indi-  
20 vidual.

21 (IV) PUBLIC MEETING.—The  
22 Board shall hold an annual public  
23 meeting to summarize the activities of  
24 the Foundation.



1                   1978 (5 U.S.C. App.)) of that individual;

2                   or

3                   (iii) a business organization or other  
4                   entity in which the individual has an inter-  
5                   est, including an organization or other en-  
6                   tity with which the individual is negoti-  
7                   ating employment.

8                   (5) INTELLECTUAL PROPERTY.—The Board  
9                   shall adopt written standards to govern ownership of  
10                  any intellectual property rights derived from the col-  
11                  laborative efforts of the Foundation.

12                  (6) LIABILITY.—The United States shall not be  
13                  liable for any debts, defaults, acts, or omissions of  
14                  the Foundation nor shall the full faith and credit of  
15                  the United States extend to any obligations of the  
16                  Foundation.

17                  (g) FUNDS.—

18                  (1) MANDATORY FUNDING.—

19                  (A) IN GENERAL.—On October 1, 2012, of  
20                  the funds of the Commodity Credit Corporation,  
21                  the Secretary shall transfer to the Foundation  
22                  to carry out this section \$100,000,000, to re-  
23                  main available until expended under the condi-  
24                  tions described in subparagraph (B).

1 (B) CONDITIONS ON EXPENDITURE.—The  
2 Foundation may use the funds made available  
3 under subparagraph (A) to carry out the pur-  
4 poses of the Foundation only to the extent that  
5 the Foundation secures an equal amount of  
6 non-Federal matching funds for each expendi-  
7 ture.

8 (C) PROHIBITION ON CONSTRUCTION.—  
9 None of the funds made available under sub-  
10 paragraph (A) may be used for construction.

11 (2) SEPARATION OF FUNDS.—The Executive  
12 Director shall ensure that any funds received under  
13 paragraph (1) or (2) are held in separate accounts  
14 from funds received from nongovernmental entities  
15 as described in subsection (f)(2)(A)(iii).

16 **TITLE VIII—FORESTRY [COM-**  
17 **plete Substitute Amend-**  
18 **ment]**

19 **Subtitle A—Repeal of Certain**  
20 **Forestry Programs**

21 **SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

22 (a) REPEAL.—Section 4 of the Cooperative Forestry  
23 Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

24 (b) CONFORMING AMENDMENT.—Section 8002 of the  
25 Farm Security and Rural Investment Act of 2002 (Public

1 Law 107–171; 16 U.S.C. 2103 note) is amended by strik-  
2 ing subsection (a).

3 (c) EFFECTIVE DATE.—The amendments made by  
4 this section shall take effect on October 1, 2012.

5 **SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

6 (a) REPEAL.—Section 6 of the Cooperative Forestry  
7 Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

8 (b) EFFECTIVE DATE.—The amendment made by  
9 this section shall take effect on October 1, 2012.

10 **SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST**  
11 **PRODUCTS MARKETING PROGRAM.**

12 Section 18 of the Cooperative Forestry Assistance  
13 Act of 1978 (16 U.S.C. 2112) is repealed.

14 **SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICUL-**  
15 **TURAL LAND NATIONAL RESOURCES LEAD-**  
16 **ERSHIP PROGRAM.**

17 (a) REPEAL.—Section 8402 of the Food, Conserva-  
18 tion, and Energy Act of 2008 (16 U.S.C. 1649a) is re-  
19 pealed.

20 (b) EFFECTIVE DATE.—The amendment made by  
21 this section shall take effect on October 1, 2012.

22 **SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE**  
23 **PROGRAM.**

24 (a) REPEAL.—Section 303 of the Healthy Forests  
25 Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

1 (b) EFFECTIVE DATE.—The amendment made by  
2 this section shall take effect on October 1, 2012.

3 **Subtitle B—Reauthorization of Co-**  
4 **operative Forestry Assistance**  
5 **Act of 1978 Programs**

6 **SEC. 8101. STATE-WIDE ASSESSMENT AND STRATEGIES FOR**  
7 **FOREST RESOURCES.**

8 Section 2A(f)(1) of the Cooperative Forestry Assist-  
9 ance Act of 1978 (16 U.S.C. 2101a(f)(1)) is amended by  
10 striking “2012” and inserting “2017”.

11 **SEC. 8102. FOREST STEWARDSHIP PROGRAM.**

12 Section 5(h) of the Cooperative Forestry Assistance  
13 Act of 1978 (16 U.S.C. 2103a(h)) is amended by striking  
14 “such sums as may be necessary thereafter” and inserting  
15 “\$50,000,000 for each of fiscal years 2013 through  
16 2017”.

17 **SEC. 8103. FOREST LEGACY PROGRAM.**

18 Section 7 of the Cooperative Forestry Assistance Act  
19 of 1978 (16 U.S.C. 2103e) is amended by striking sub-  
20 section (m) and inserting the following:

21 “(m) FUNDING.—

22 “(1) AUTHORIZATION OF APPROPRIATIONS.—

23 There is authorized to be appropriated to carry out  
24 this section \$200,000,000 for each of fiscal years  
25 2013 through 2017.



1 **SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

2 Section 2405 of the Global Climate Change Preven-  
3 tion Act of 1990 (7 U.S.C. 6704) is amended by striking  
4 subsection (d) and inserting the following:

5 “(d) AUTHORIZATION OF APPROPRIATIONS.—To  
6 carry out this section, there are authorized to be appro-  
7 priated—

8 “(1) such sums as are necessary for each of fis-  
9 cal years 1996 through 2012; and

10 “(2) \$10,000,000 for each of fiscal years 2013  
11 through 2017.”.

12 **SEC. 8203. INSECT INFESTATIONS AND RELATED DISEASES.**

13 (a) FINDINGS AND PURPOSES.—Section 401 of the  
14 Healthy Forests Restoration Act of 2003 (16 U.S.C.  
15 6551) is amended—

16 (1) in subsection (a)—

17 (A) by redesignating paragraphs (3)  
18 through (12) as paragraphs (4) through (13),  
19 respectively; and

20 (B) by inserting after paragraph (2) the  
21 following:

22 “(3) the mountain pine beetle is—

23 “(A) threatening and ravaging forests  
24 throughout the Western region of the United  
25 States, including Arizona, California, Colorado,

1 Idaho, Montana, Nevada, New Mexico, Oregon,  
2 and South Dakota;

3 “(B) reaching epidemic populations and se-  
4 verely impacting over 41,000,000 acres in west-  
5 ern forests; and

6 “(C) deteriorating forest health in national  
7 forests and, when combined with drought, dis-  
8 ease, and storm damage, is resulting in extreme  
9 fire hazards in national forests across the West-  
10 ern United States and endangering the eco-  
11 nomic stability of surrounding adjacent commu-  
12 nities, ranches, and parks;”; and

13 (2) in subsection (b)—

14 (A) in paragraph (2), by striking “and” at  
15 the end;

16 (B) in paragraph (3), by striking the pe-  
17 riod at the end and inserting “; and”; and

18 (C) by adding at the end the following:

19 “(4) to provide for designation of treatment  
20 areas pursuant to section 405.”.

21 (b) DESIGNATION OF TREATMENT AREAS.—Title IV  
22 of the Healthy Forests Restoration Act of 2003 (16  
23 U.S.C. 6551 et seq.) is amended—

1           (1) by redesignating sections 405 and 406 (16  
2           U.S.C. 6555, 6556) as sections 406 and 407, respec-  
3           tively; and

4           (2) by inserting after section 404 (16 U.S.C.  
5           6554) the following:

6   **“SEC. 405. DESIGNATION OF TREATMENT AREAS.**

7           “(a) DESIGNATION OF TREATMENT AREAS.—Not  
8           later than 60 days after the date of enactment of the Agri-  
9           culture Reform, Food, and Jobs Act of 2012, the Sec-  
10          retary shall designate treatment areas on at least 1 na-  
11          tional forest in each State, if requested by the Governor  
12          of the State, that the Secretary determines, based on an-  
13          nual forest health surveys, are experiencing declining for-  
14          est health due to insect or disease infestation.

15          “(b) TREATMENT OF AREAS.—The Secretary may  
16          carry out treatments to address the insect or disease infes-  
17          tation in the areas designated under subsection (a) in ac-  
18          cordance with sections 104, 105, 106, and 401.

19          “(c) AUTHORIZATION OF APPROPRIATIONS.—There  
20          is authorized to be appropriated to carry out this section  
21          \$100,000,000 for each of fiscal years 2013 through  
22          2017.”.

23          (c) AUTHORIZATION OF APPROPRIATIONS.—Section  
24          407 of the Healthy Forests Restoration Act of 2003 (as

1 redesignated by subsection (b)(1)) is amended by striking  
2 “2008” and inserting “2017”.

3 **SEC. 8204. CHANGE IN FUNDING SOURCE FOR HEALTHY**  
4 **FORESTS RESERVE PROGRAM.**

5 Section 508 of the Healthy Forests Restoration Act  
6 of 2003 (16 U.S.C. 6578) is amended—

7 (1) in subsection (a), by striking “IN GEN-  
8 ERAL” and inserting “FISCAL YEARS 2009  
9 THROUGH 2012”;

10 (2) by redesignating subsection (b) as sub-  
11 section (d); and

12 (3) by inserting after subsection (a) the fol-  
13 lowing:

14 “(b) FISCAL YEARS 2013 THROUGH 2017.—There is  
15 authorized to be appropriated to the Secretary of Agri-  
16 culture to carry out this section \$9,750,000 for each of  
17 fiscal years 2013 through 2017.

18 “(c) ADDITIONAL SOURCE OF FUNDS.—In addition  
19 to funds appropriated pursuant to the authorization of ap-  
20 propriations in subsection (b) for a fiscal year, the Sec-  
21 retary may use such amount of the funds appropriated  
22 for that fiscal year to carry out the Soil Conservation and  
23 Domestic Allotment Act (16 U.S.C. 590a et seq.) as the  
24 Secretary determines necessary to cover the cost of tech-  
25 nical assistance, management, and enforcement respon-

1 sibilities for land enrolled in the healthy forests reserve  
2 program pursuant to subsections (a) and (b) of section  
3 504.”.

4 **SEC. 8205. STEWARDSHIP END RESULT CONTRACTING**  
5 **PROJECTS.**

6 (a) IN GENERAL.—Title VI of the Healthy Forests  
7 Restoration Act of 2003 (16 U.S.C. 6591) is amended by  
8 adding at the end the following:

9 **“SEC. 602. STEWARDSHIP END RESULT CONTRACTING**  
10 **PROJECTS.**

11 “(a) DEFINITIONS.—In this section:

12 “(1) CHIEF.—The term ‘Chief’ means the Chief  
13 of the Forest Service.

14 “(2) DIRECTOR.—The term ‘Director’ means  
15 the Director of the Bureau of Land Management.

16 “(b) PROJECTS.—The Chief and the Director, via  
17 agreement or contract as appropriate, may enter into  
18 stewardship contracting projects with private persons or  
19 other public or private entities to perform services to  
20 achieve land management goals for the national forests  
21 and the public lands that meet local and rural community  
22 needs.

23 “(c) LAND MANAGEMENT GOALS.—The land man-  
24 agement goals of a project under subsection (b) may in-  
25 clude—

1           “(1) road and trail maintenance or obliteration  
2           to restore or maintain water quality;

3           “(2) soil productivity, habitat for wildlife and  
4           fisheries, or other resource values;

5           “(3) setting of prescribed fires to improve the  
6           composition, structure, condition, and health of  
7           stands or to improve wildlife habitat;

8           “(4) removing vegetation or other activities to  
9           promote healthy forest stands, reduce fire hazards,  
10          or achieve other land management objectives;

11          “(5) watershed restoration and maintenance;

12          “(6) restoration and maintenance of wildlife  
13          and fish; or

14          “(7) control of noxious and exotic weeds and re-  
15          establishing.

16          “(d) AGREEMENTS OR CONTRACTS.—

17                 “(1) PROCUREMENT PROCEDURE.—A source  
18                 for performance of an agreement or contract under  
19                 subsection (b) shall be selected on a best-value basis,  
20                 including consideration of source under other public  
21                 and private agreements or contracts.

22                 “(2) CONTRACT FOR SALE OF PROPERTY.—A  
23                 contract entered into under this section may, at the  
24                 discretion of the Secretary of Agriculture, be consid-  
25                 ered a contract for the sale of property under such

1 terms as the Secretary may prescribe without regard  
2 to any other provision of law.

3 “(3) TERM.—

4 “(A) IN GENERAL.—Except as provided in  
5 subparagraph (B), the Chief and the Director  
6 may enter into a contract under subsection (b)  
7 in accordance with section 3903 of title 41,  
8 United States Code.

9 “(B) MAXIMUM.—The period of the con-  
10 tract under subsection (b) may exceed 5 years  
11 but may not exceed 10 years.

12 “(4) OFFSETS.—

13 “(A) IN GENERAL.—The Chief and the Di-  
14 rector may apply the value of timber or other  
15 forest products removed as an offset against the  
16 cost of services received under the agreement or  
17 contract described in subsection (b).

18 “(B) METHODS OF APPRAISAL.—The value  
19 of timber or other forest products used as an  
20 offset under subparagraph (A)—

21 “(i) shall be determined using appro-  
22 priate methods of appraisal commensurate  
23 with the quantity of products to be re-  
24 moved; and

25 “(ii) may—

1                   “(I) be determined using a unit  
2                   of measure appropriate to the con-  
3                   tracts; and

4                   “(II) may include valuing prod-  
5                   ucts on a per-acre basis.

6                   “(5) RELATION TO OTHER LAWS.—Notwith-  
7                   standing subsections (d) and (g) of section 14 of the  
8                   National Forest Management Act of 1976 (16  
9                   U.S.C. 472a), the Chief may enter into an agree-  
10                  ment or contract under subsection (b).

11                  “(6) CONTRACTING OFFICER.—Notwithstanding  
12                  any other provision of law, the Secretary or the Sec-  
13                  retary of the Interior may determine the appropriate  
14                  contracting officer to enter into and administer an  
15                  agreement or contract under subsection (b).

16                  “(e) RECEIPTS.—

17                  “(1) IN GENERAL.—The Chief and the Director  
18                  may collect monies from an agreement or contract  
19                  under subsection (b) if the collection is a secondary  
20                  objective of negotiating the contract that will best  
21                  achieve the purposes of this section.

22                  “(2) USE.—Monies from an agreement or con-  
23                  tract under subsection (b)—

24                  “(A) may be retained by the Chief and the  
25                  Director; and

1           “(B) shall be available for expenditure  
2           without further appropriation at the project site  
3           from which the monies are collected or at an-  
4           other project site.

5           “(3) RELATION TO OTHER LAWS.—

6           “(A) IN GENERAL.—Notwithstanding any  
7           other provision of law, the value of services re-  
8           ceived by the Chief or the Director under a  
9           stewardship contract project conducted under  
10          this section, and any payments made or re-  
11          sources provided by the contractor, Chief, or  
12          Director shall not be considered monies received  
13          from the National Forest System or the public  
14          lands.

15          “(B) KNUTSON-VANDERBERG ACT.—The  
16          Act of June 9, 1930 (commonly known as the  
17          ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et  
18          seq.) shall not apply to any agreement or con-  
19          tract under subsection (b).

20          “(f) COSTS OF REMOVAL.—Notwithstanding the fact  
21          that a contractor did not harvest the timber, the Chief  
22          may collect deposits from a contractor covering the costs  
23          of removal of timber or other forest products under—

24                 “(1) the Act of August 11, 1916 (16 U.S.C.  
25                 490); and

1           “(2) and the Act of June 30, 1914 (16 U.S.C.  
2           498).

3           “(g) PERFORMANCE AND PAYMENT GUARANTEES.—

4           “(1) IN GENERAL.—The Chief and the Director  
5           may require performance and payment bonds under  
6           sections 28.103–2 and 28.103–3 of the Federal Ac-  
7           quisition Regulation, in an amount that the con-  
8           tracting officer considers sufficient to protect the in-  
9           vestment in receipts by the Federal Government  
10          generated by the contractor from the estimated  
11          value of the forest products to be removed under a  
12          contract under subsection (b).

13          “(2) EXCESS OFFSET VALUE.—If the offset  
14          value of the forest products exceeds the value of the  
15          resource improvement treatments, the Chief and the  
16          Director may—

17                 “(A) collect any residual receipts under the  
18                 Act of June 9, 1930 (commonly known as the  
19                 ‘Knutson-Vanderberg Act’) (16 U.S.C. 576 et  
20                 seq.); and

21                 “(B) apply the excess to other authorized  
22                 stewardship projects.

23          “(h) MONITORING AND EVALUATION.—

24                 “(1) IN GENERAL.—The Chief and the Director  
25                 shall establish a multiparty monitoring and evalua-

1       tion process that accesses the stewardship con-  
2       tracting projects conducted under this section.

3               “(2) PARTICIPANTS.—Other than the Chief and  
4       Director, participants in the process described in  
5       paragraph (1) may include—

6                       “(A) any cooperating governmental agen-  
7                       cies, including tribal governments; and

8                       “(B) any other interested groups or indi-  
9                       viduals.

10       “(i) REPORTING.—Not later than 1 year after the  
11       date of enactment of this section, and annually thereafter,  
12       the Chief and the Director shall report to the Committee  
13       on Agriculture, Nutrition, and Forestry of the Senate and  
14       the Committee on Agriculture of the House of Representa-  
15       tives on—

16                       “(1) the status of development, execution, and  
17                       administration of agreements or contracts under  
18                       subsection (b);

19                       “(2) the specific accomplishments that have re-  
20                       sulted; and

21                       “(3) the role of local communities in the devel-  
22                       opment of agreements or contract plans.”.

23       (b) CONFORMING AMENDMENT.—Section 347 of the  
24       Department of the Interior and Related Agencies Appro-

1 priations Act, 1999 (16 U.S.C. 2104 note; Public Law  
2 105–277) is repealed.

3 **SEC. 8206. HEALTHY FORESTS RESERVE PROGRAM.**

4 Section 502(e)(3) of the Healthy Forests Restoration  
5 Act (16 U.S.C. 6572(e)(3)) is amended—

6 (1) in subparagraph (C), by striking “subpara-  
7 graphs (A) and (B)” and inserting “clauses (i) and  
8 (ii)”;

9 (2) by redesignating subparagraphs (A) through  
10 (C) as clauses (i) through (iii), respectively, and in-  
11 denting appropriately; and

12 (3) by striking “In the case of” and inserting  
13 the following:

14 “(A) DEFINITION OF ACREAGE OWNED BY  
15 INDIAN TRIBES.—In this paragraph, the term  
16 ‘acreage owned by Indian tribes’ includes—

17 “(i) land that is held in trust by the  
18 United States for Indian tribes or indi-  
19 vidual Indians;

20 “(ii) land, the title to which is held by  
21 Indian tribes or individual Indians subject  
22 to Federal restrictions against alienation  
23 or encumbrance;

1           “(iii) land that is subject to rights of  
2           use, occupancy, and benefit of certain In-  
3           dian tribes;

4           “(iv) land that is held in fee title by  
5           an Indian tribe; or

6           “(v) land that is owned by a native  
7           corporation formed under section 17 of the  
8           Act of June 18, 1934 (commonly known as  
9           the ‘Indian Reorganization Act’) (25  
10          U.S.C. 477) or section 8 of the Alaska Na-  
11          tive Claims Settlement Act (43 U.S.C.  
12          1607); or

13          “(vi) a combination of 1 or more  
14          types of land described in clauses (i)  
15          through (v).

16          “(B) ENROLLMENT OF ACREAGE.—In the  
17          case of”.

## 18                   **Subtitle D—Miscellaneous**

### 19                           **Provisions**

#### 20           **SEC. 8301. MCINTIRE-STENNIS COOPERATIVE FORESTRY** 21                   **ACT.**

22           (a) 1890 WAIVERS.—Section 4 of Public Law 87–  
23           788 (commonly known as the “McIntire-Stennis Coopera-  
24           tive Forestry Act”) (16 U.S.C. 582a–3) is amended by  
25           inserting “The matching funds requirement shall not be

1 applicable to eligible 1890 Institutions (as defined in sec-  
2 tion 2 of the Agricultural Research, Extension, and Edu-  
3 cation Reform Act of 1998 (7 U.S.C. 7601)) if the alloca-  
4 tion is below \$200,000.” before “The Secretary is author-  
5 ized” in the second sentence.

6 (b) PARTICIPATION.—Section 8 of Public Law 87–  
7 788 (commonly known as the “McIntire-Stennis Cooper-  
8 ative Forestry Act”) (16 U.S.C. 582a–7) is amended by  
9 inserting ‘the Federated States of Micronesia, American  
10 Samoa, the Northern Mariana Islands,’ before ‘and  
11 Guam’ ”.

12 (c) EFFECTIVE DATE.—The amendments made by  
13 this section take effect on October 1, 2012.

14 **SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST IN-**  
15 **VENTORY AND ANALYSIS.**

16 (a) REVISION REQUIRED.—Not later than 180 days  
17 after the date of enactment of this Act, the Secretary of  
18 Agriculture shall revise the strategic plan for forest inven-  
19 tory and analysis initially prepared pursuant to section  
20 3(e) of the Forest and Rangeland Renewable Resources  
21 Research Act of 1978 (16 U.S.C. 1642(e)) to address the  
22 requirements imposed by subsection (b).

23 (b) ELEMENTS OF REVISED STRATEGIC PLAN.—In  
24 revising the strategic plan, the Secretary of Agriculture

1 shall describe in detail the organization, procedures, and  
2 funding needed to achieve each of the following:

3           (1) Complete the transition to a fully  
4           annualized forest inventory program and include in-  
5           ventory and analysis of interior Alaska.

6           (2) Implement an annualized inventory of trees  
7           in urban settings, including the status and trends of  
8           trees and forests, and assessments of their eco-  
9           system services, values, health, and risk to pests and  
10          diseases.

11          (3) Report information on renewable biomass  
12          supplies and carbon stocks at the local, State, re-  
13          gional, and national level, including by ownership  
14          type.

15          (4) Engage State foresters and other users of  
16          information from the forest inventory and analysis  
17          in reevaluating the list of core data variables col-  
18          lected on forest inventory and analysis plots with an  
19          emphasis on demonstrated need.

20          (5) Improve the timeliness of the timber prod-  
21          uct output program and accessibility of the  
22          annualized information on that database.

23          (6) Foster greater cooperation among the forest  
24          inventory and analysis program, research station

1 leaders, and State foresters and other users of infor-  
2 mation from the forest inventory and analysis.

3 (7) Availability of and access to non-Federal re-  
4 sources to improve information analysis and infor-  
5 mation management.

6 (8) Collaborate with the Natural Resources  
7 Conservation Service, National Aeronautics and  
8 Space Administration, National Oceanic and Atmos-  
9 pheric Administration, and United States Geological  
10 Survey to integrate remote sensing, spatial analysis  
11 techniques, and other new technologies in the forest  
12 inventory and analysis program.

13 (9) Understand and report on changes in land  
14 cover and use.

15 (10) Expand existing programs to promote sus-  
16 tainable forest stewardship through increased under-  
17 standing, in partnership with other Federal agencies,  
18 of the over 10 million family forest owners, their de-  
19 mographics, and the barriers to forest stewardship.

20 (11) Implement procedures to improve the sta-  
21 tistical precision of estimates at the sub-State level.

22 (c) SUBMISSION OF REVISED STRATEGIC PLAN.—

23 The Secretary of Agriculture shall submit the revised stra-  
24 tegic plan to the Committee on Agriculture of the House

1 of Representatives and the Committee on Agriculture, Nu-  
2 trition, and Forestry of the Senate.

3 **TITLE IX—ENERGY [COMPLETE**  
4 **SUBSTITUTE AMENDMENT]**

5 **SEC. 9001. DEFINITION OF RENEWABLE CHEMICAL.**

6 Section 9001 of the Farm Security and Rural Invest-  
7 ment Act of 2002 (7 U.S.C. 8101) is amended—

8 (1) by redesignating paragraphs (13) and (14)  
9 as paragraphs (14) and (15) respectively; and

10 (2) by inserting after paragraph (12) the fol-  
11 lowing:

12 “(13) RENEWABLE CHEMICAL.—The term ‘re-  
13 newable chemical’ means a monomer, polymer, plas-  
14 tic, formulated product, or chemical substance pro-  
15 duced from renewable biomass.”.

16 **SEC. 9002. BIOBASED MARKETS PROGRAM.**

17 (a) IN GENERAL.—Section 9002 of the Farm Secu-  
18 rity and Rural Investment Act of 2002 (7 U.S.C. 8102)  
19 is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (2)(A)(i)—

22 (i) in subclause (I), by striking “and”  
23 at the end;

1 (ii) in subclause (II)(bb), by striking  
2 the period at the end and inserting “;  
3 and”; and

4 (iii) by adding at the end the fol-  
5 lowing:

6 “(III) establish a targeted  
7 biobased-only procurement require-  
8 ment under which the procuring agen-  
9 cy shall issue a certain number of  
10 biobased-only contracts when the pro-  
11 curing agency is purchasing products,  
12 or purchasing services that include the  
13 use of products, that are included in  
14 a biobased product category des-  
15 ignated by the Secretary.”; and

16 (B) in paragraph (3)—

17 (i) in subparagraph (B)—

18 (I) in clause (v), by inserting “as  
19 determined to be necessary by the  
20 Secretary based on the availability of  
21 data,” before “provide information”;

22 (II) by redesignating clauses (v)  
23 and (vi) as clauses (vii) and (viii), re-  
24 spectively; and

1 (III) by inserting after clause (iv)  
2 the following:

3 “(v) require reporting of quantities  
4 and types of biobased products purchased  
5 by procuring agencies;

6 “(vi) focus on products that apply an  
7 innovative approach to growing, har-  
8 vesting, procuring, processing, or manufac-  
9 turing biobased products regardless of the  
10 date of entry of the products into the mar-  
11 ketplace;”; and

12 (ii) by adding at the end the fol-  
13 lowing:

14 “(F) REQUIRED DESIGNATIONS.—Not  
15 later than 1 year after the date of enactment of  
16 this subparagraph, the Secretary shall begin to  
17 designate intermediate ingredients or feedstocks  
18 and assembled and finished biobased products  
19 in the guidelines issued under this paragraph.”;

20 (2) in subsection (b)—

21 (A) in paragraph (3)—

22 (i) by striking “The Secretary” and  
23 inserting the following:

24 “(A) IN GENERAL.—The Secretary”; and

1                   (ii) by adding at the end the fol-  
2                   lowing:

3                   “(B) AUDITING AND COMPLIANCE.—The  
4                   Secretary may carry out such auditing and  
5                   compliance activities as the Secretary deter-  
6                   mines to be necessary to ensure compliance  
7                   with subparagraph (A).”;

8                   (B) by adding at the end the following:

9                   “(4) ASSEMBLED AND FINISHED PRODUCTS.—  
10                  Not later than 1 year after the date of enactment  
11                  of this paragraph, the Secretary shall begin issuing  
12                  criteria for determining which assembled and fin-  
13                  ished products may qualify to receive the label under  
14                  paragraph (1).”;

15                  (3) by redesignating subsections (d), (e), (f),  
16                  (g), and (h) as subsections (e), (f), (g), (i), and (j),  
17                  respectively;

18                  (4) by inserting after subsection (c) the fol-  
19                  lowing:

20                  “(d) OUTREACH, EDUCATION, AND PROMOTION.—

21                  “(1) IN GENERAL.—The Secretary may engage  
22                  in outreach, educational, and promotional activities  
23                  intended to increase knowledge, awareness, and ben-  
24                  efits of biobased products.

1           “(2) AUTHORIZED ACTIVITIES.—In carrying  
2 out this subsection, the Secretary may—

3           “(A) conduct consumer education and out-  
4 reach (including consumer and awareness sur-  
5 veys);

6           “(B) conduct outreach to and support for  
7 State and local governments interested in im-  
8 plementing biobased purchasing programs;

9           “(C) partner with industry and nonprofit  
10 groups to produce educational and outreach  
11 materials and conduct educational and outreach  
12 events;

13           “(D) sponsor special conferences and  
14 events to bring together buyers and sellers of  
15 biobased products; and

16           “(E) support pilot and demonstration  
17 projects.”;

18           (5) in subsection (h) (as redesignated by para-  
19 graph (3))—

20           (A) in paragraph (2)—

21           (i) in the matter preceding subpara-  
22 graph (A) by striking “The report” and in-  
23 serting “Each report under paragraph  
24 (1)”;

1 (ii) in subparagraph (A), by striking  
2 “and” at the end;

3 (iii) in subparagraph (B)(ii), by strik-  
4 ing the period at the end and inserting a  
5 semicolon; and

6 (iv) by adding at the end the fol-  
7 lowing:

8 “(C) the progress made by other Federal  
9 agencies in compliance with the biobased pro-  
10 curement requirements, including the quantity  
11 of purchases made; and

12 “(D) the status of outreach, educational,  
13 and promotional activities carried out by the  
14 Secretary under subsection (d), including the  
15 attainment of specific milestones and overall re-  
16 sults.”; and

17 (B) by adding at the end the following:

18 “(3) ECONOMIC IMPACT STUDY AND REPORT.—

19 “(A) IN GENERAL.—The Secretary shall  
20 conduct a study to assess the economic impact  
21 of the biobased products industry, including—

22 “(i) the quantity of biobased products  
23 sold;

24 “(ii) the value of the biobased prod-  
25 ucts;

1 “(iii) the quantity of jobs created;

2 “(iv) the quantity of petroleum dis-  
3 placed;

4 “(v) other environmental benefits; and

5 “(vi) areas in which the use or manu-  
6 facturing of biobased products could be  
7 more effectively used, including identifying  
8 any technical and economic obstacles and  
9 recommending how those obstacles can be  
10 overcome.

11 “(B) REPORT.—Not later than 180 days  
12 after the date of enactment of this subpara-  
13 graph, the Secretary shall submit to Congress a  
14 report describing the results of the study con-  
15 ducted under subparagraph (A).”.

16 (6) by inserting after subsection (g) (as redesign-  
17 nated by paragraph (3)) the following:

18 “(h) FOREST PRODUCTS LABORATORY COORDINA-  
19 TION.—In determining whether products are eligible for  
20 the ‘USDA Certified Biobased Product’ label, the Sec-  
21 retary (acting through the Forest Products Laboratory)  
22 shall—

23 “(1) review and approve forest-related products  
24 for which an application is submitted for the pro-  
25 gram;

1           “(2) expedite the approval of innovative prod-  
2           ucts resulting from technology developed by the For-  
3           est Products Laboratory or partners of the Labora-  
4           tory; and

5           “(3) provide appropriate technical assistance to  
6           applicants, as determined by the Secretary.”; and

7           (7) in subsection (j) (as redesignated by para-  
8           graph (3))—

9           (A) in the heading of paragraph (1), by in-  
10           serting “FOR FISCAL YEARS 2008 THROUGH  
11           2012” after “FUNDING”;

12           (B) in the heading of paragraph (2), by in-  
13           serting “FOR FISCAL YEARS 2009 THROUGH  
14           2012” after “FUNDING”; and

15           (C) by adding at the end the following:

16           “(3) FISCAL YEARS 2013 THROUGH 2017.—  
17           There is authorized to be appropriated to carry out  
18           this section \$2,000,000 for each of fiscal years 2013  
19           through 2017.”.

20           (b)           CONFORMING           AMENDMENT.—Section  
21           944(c)(2)(A) of the Energy Policy Act of 2005 (42 U.S.C.  
22           16253(c)(2)(A)) is amended by striking “section  
23           9002(h)(1)” and inserting “section 9002(b)”.

1 **SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, AND**  
2 **BIOBASED PRODUCT MANUFACTURING AS-**  
3 **SISTANCE.**

4 (a) PROGRAM ADJUSTMENTS.—

5 (1) IN GENERAL.—Section 9003 of the Farm  
6 Security and Rural Investment Act of 2002 (7  
7 U.S.C. 8103) is amended—

8 (A) in the section heading, by inserting “,  
9 **RENEWABLE CHEMICAL, AND BIOBASED**  
10 **PRODUCT MANUFACTURING”** after “**BIO-**  
11 **REFINERY”**;

12 (B) in subsection (a), in the matter pre-  
13 ceeding paragraph (1), by inserting “renewable  
14 chemicals, and biobased product manufac-  
15 turing” after “advanced biofuels,”; and

16 (C) in subsection (c)—

17 (i) in paragraph (1), by striking  
18 “and” at the end;

19 (ii) in paragraph (2), by striking the  
20 period at the end and inserting “; and”;  
21 and

22 (iii) by adding at the end the fol-  
23 lowing:

24 “(3) grants and loan guarantees to fund the de-  
25 velopment and construction of renewable chemical  
26 and biobased product manufacturing facilities.”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by paragraph (1) shall take effect on October 1,  
3           2012.

4           (b) FUNDING.—Section 9003(h) of the Farm Secu-  
5           rity and Rural Investment Act of 2002 (7 U.S.C. 8103(h))  
6           is amended—

7           (1) in the heading of paragraph (1), by insert-  
8           ing “FOR FISCAL YEARS 2009 AND 2010” after  
9           “FUNDING”;

10          (2) in the heading of paragraph (2), by insert-  
11          ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
12          “FUNDING”; and

13          (3) by adding at the end the following:

14          “(3) FISCAL YEARS 2013 THROUGH 2017.—  
15          There is authorized to be appropriated to carry out  
16          this section \$150,000,000 for each of fiscal years  
17          2013 through 2017.”.

18 **SEC. 9004. REPEAL OF REPOWERING ASSISTANCE PRO-**  
19 **GRAM AND TRANSFER OF REMAINING FUNDS.**

20          (a) REPEAL.—Subject to subsection (b), section 9004  
21          of the Farm Security and Rural Investment Act of 2002  
22          (7 U.S.C. 8104) is repealed.

23          (b) USE OF REMAINING FUNDING FOR RURAL EN-  
24          ERGY FOR AMERICA PROGRAM.—Funds made available  
25          pursuant to subsection (d) of section 9004 of the Farm

1 Security and Rural Investment Act of 2002 (7 U.S.C.  
2 8104) that are unobligated on the day before the date of  
3 enactment of this section shall—

4 (1) remain available until expended;

5 (2) be used by the Secretary of Agriculture to  
6 carry out financial assistance for energy efficiency  
7 improvements and renewable energy systems under  
8 section 9007(a)(2) of the Farm Security and Rural  
9 Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and

10 (3) be in addition to any other funds made  
11 available to carry out that program.

12 **SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED**  
13 **BIOFUELS.**

14 Section 9005(g) of the Farm Security and Rural In-  
15 vestment Act of 2002 (7 U.S.C. 8105(c)) is amended—

16 (1) in the heading of paragraph (1), by insert-  
17 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
18 “FUNDING”;

19 (2) in the heading of paragraph (2), by insert-  
20 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
21 “FUNDING”;

22 (3) by redesignating paragraph (3) as para-  
23 graph (4); and

24 (4) by inserting after paragraph (2) the fol-  
25 lowing:

1           “(3) FISCAL YEARS 2013 THROUGH 2017.—  
2           There is authorized to be appropriated to carry out  
3           this section \$20,000,000 for each of fiscal years  
4           2013 through 2017.”.

5 **SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

6           Section 9006(d) of the Farm Security and Rural In-  
7           vestment Act of 2002 (7 U.S.C. 8106(d)) is amended—

8           (1) by striking “(d) FUNDING.—Of the funds”  
9           and inserting “(d) FUNDING.—

10           “(1) FISCAL YEARS 2008 THROUGH 2012.—Of  
11           the funds”; and

12           (2) by adding at the end the following:

13           “(2) FISCAL YEARS 2013 THROUGH 2017.—  
14           There is authorized to be appropriated to carry out  
15           this section \$1,000,000 for each of fiscal years 2013  
16           through 2017.”.

17 **SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

18           (a) PROGRAM ADJUSTMENTS.—

19           (1) IN GENERAL.—Section 9007 of the Farm  
20           Security and Rural Investment Act of 2002 (7  
21           U.S.C. 8107) is amended—

22           (A) in subsection (b)(2)—

23           (i) in subparagraph (C), by striking  
24           “and” at the end;

1                   (ii) by redesignating subparagraph  
2                   (D) as subparagraph (E); and

3                   (iii) by inserting after subparagraph  
4                   (C) the following:

5                   “(D) a council (as defined in section 1528  
6                   of the Agriculture and Food Act of 1981 (16  
7                   U.S.C. 3451)); and”;

8                   (B) in subsection (c)—

9                   (i) by striking paragraph (3);

10                   (ii) by redesignating paragraph (4) as  
11                   paragraph (3);

12                   (iii) in paragraph (3) (as so redesignig-  
13                   nated), by striking subparagraph (A) and  
14                   inserting the following:

15                   “(A) GRANTS.—The amount of a grant  
16                   under this subsection shall not exceed the lesser  
17                   of—

18                   “(i) \$500,000; and

19                   “(ii) 25 percent of the cost of the ac-  
20                   tivity carried out using funds from the  
21                   grant.”; and

22                   (iv) by adding at the end the fol-  
23                   lowing:

24                   “(4) TIERED APPLICATION PROCESS.—

1           “(A) IN GENERAL.—In providing loan  
2           guarantees and grants under this subsection,  
3           the Secretary shall use a 3-tiered application  
4           process that reflects the size of proposed  
5           projects in accordance with this paragraph.

6           “(B) TIER 1.—The Secretary shall estab-  
7           lish a separate application process for projects  
8           for which the cost of the activity funded under  
9           this subsection is not more than \$80,000.

10          “(C) TIER 2.—The Secretary shall estab-  
11          lish a separate application process for projects  
12          for which the cost of the activity funded under  
13          this subsection is greater than \$80,000 but less  
14          than \$200,000.

15          “(D) TIER 3.—The Secretary shall estab-  
16          lish a separate application process for projects  
17          for which the cost of the activity funded under  
18          this subsection is equal to or greater than  
19          \$200,000.

20          “(E) APPLICATION PROCESS.—The Sec-  
21          retary shall establish an application, evaluation,  
22          and oversight process that is the most sim-  
23          plified for tier I projects and more comprehen-  
24          sive for each subsequent tier.”.

1           (2) EFFECTIVE DATE.—The amendments made  
2           by paragraph (1) shall take effect on October 1,  
3           2012.

4           (b) FUNDING.—Section 9007(g) of the Farm Secu-  
5           rity and Rural Investment Act of 2002 (7 U.S.C. 8107(g))  
6           is amended—

7           (1) in the heading of paragraph (1), by insert-  
8           ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
9           “FUNDING”;

10          (2) in the heading of paragraph (2), by insert-  
11          ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
12          “FUNDING”;

13          (3) in the heading of paragraph (3), by insert-  
14          ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
15          “FUNDING”; and

16          (4) by adding at the end the following:

17          “(4) FISCAL YEARS 2013 THROUGH 2017.—  
18          There is authorized to be appropriated to carry out  
19          this section \$20,000,000 for each of fiscal years  
20          2013 through 2017.”.

21   **SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.**

22          Section 9008(h) of the Farm Security and Rural In-  
23          vestment Act of 2002 (7 U.S.C. 8108(h)) is amended—

1           (1) in the heading of paragraph (1), by insert-  
2           ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
3           “FUNDING”;

4           (2) in the heading of paragraph (2), by insert-  
5           ing “FOR FISCAL YEARS 2009 THROUGH 2012” after  
6           “FUNDING”; and

7           (3) by adding at the end the following:

8           “(3) FISCAL YEARS 2013 THROUGH 2017.—  
9           There is authorized to be appropriated to carry out  
10          this section \$30,000,000 for each of fiscal years  
11          2013 through 2017.”.

12 **SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIO-**  
13 **ENERGY PRODUCERS.**

14          Section 9010(b) of the Farm Security and Rural In-  
15          vestment Act of 2002 (7 U.S.C. 8110(b)) is amended—

16                 (1) in paragraph (1)(A), by striking “2012”  
17                 and inserting “2017”; and

18                 (2) in paragraph (2)(A), by striking “2012”  
19                 and inserting “2017”.

20 **SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

21          Section 9011 of the Farm Security and Rural Invest-  
22          ment Act of 2002 (7 U.S.C. 8111) is amended—

23                 (1) in subsection (a)—

24                         (A) in paragraphs (4)(B)(i) and (6)(B)(i),  
25                         by striking “or an amendment made by that

1 title” each place it appears and inserting “, title  
2 I of the Agriculture Reform, Food, and Jobs  
3 Act of 2012, or an amendment made by those  
4 titles”;

5 (B) in paragraph (5)(B)—

6 (i) in clause (iii), by striking the semi-  
7 colon at the end and inserting “(other than  
8 land under a contract expiring in the same  
9 year as that land is offered for enrollment  
10 in BCAP); or” before the semicolon at the  
11 end; and

12 (ii) by striking clauses (iv) and (v)  
13 and inserting the following:

14 “(iv) land enrolled in the agricultural  
15 conservation easement program under sub-  
16 title H of title XII of the Food Security  
17 Act of 1985.”; and

18 (C) in paragraph (6)(B)—

19 (i) in clause (iii), by striking “or” at  
20 the end;

21 (ii) in clause (iv), by striking the pe-  
22 riod at the end and inserting “; or”; and

23 (iii) by adding at the end the fol-  
24 lowing:

1                   “(v) any woody material collected or  
2                   harvested outside of a BCAP project  
3                   area.”;

4                   (2) in subsection (b)—

5                   (A) by striking “Program to—” and all  
6                   that follows through “support the” in para-  
7                   graph (1) and inserting “Program to support  
8                   the”; and

9                   (B) by striking “areas; and” and all that  
10                  follows through the end of paragraph (2) and  
11                  inserting “areas.”;

12                  (3) in subsection (c)(5)—

13                  (A) in subparagraph (C)(ii)—

14                          (i) by striking subclause (III); and

15                          (ii) by redesignating subclauses (IV)  
16                          and (V) as subclauses (III) and (IV), re-  
17                          spectively; and

18                  (B) by adding at the end the following:

19                          “(D) EXCLUSION.—The Secretary shall  
20                          not make any BCAP payments on land for  
21                          which payments are received under the con-  
22                          servation reserve program established under  
23                          subchapter B of chapter 1 of subtitle D of title  
24                          XII of the Food Security Act of 1985 (16  
25                          U.S.C. 3831 et seq.).”;

1 (4) by striking subsection (d);

2 (5) by redesignating subsections (e) and (f) as  
3 subsections (d) and (e), respectively; and

4 (6) in subsection (e) (as so redesignated)—

5 (A) by striking “FUNDING.—Of the funds”  
6 and inserting “FUNDING.—

7 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of  
8 the funds”; and

9 (B) adding at the end the following:

10 “(2) FISCAL YEARS 2013 THROUGH 2017.—

11 “(A) IN GENERAL.—Subject to subpara-  
12 graph (B), there is authorized to be appro-  
13 priated to carry out this section \$20,000,000  
14 for each of fiscal years 2013 through 2017.

15 “(B) MULTIYEAR CONTRACTS.—

16 “(i) IN GENERAL.—For each  
17 multiyear contract entered into by the Sec-  
18 retary during a fiscal year under this sec-  
19 tion, the Secretary shall ensure that suffi-  
20 cient funds are reserved from the appro-  
21 priation for that fiscal year to fully cover  
22 all payments required by the contract for  
23 all years of the contract.

1                   “(ii) AVAILABILITY.—Funds shall be  
2                   available until expended under the terms of  
3                   the contract.”.

4 **SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

5           Section 9012 of the Farm Security and Rural Invest-  
6   ment Act of 2002 (7 U.S.C. 8112) is repealed.

7 **SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

8           Section 9013(e) of the Farm Security and Rural In-  
9   vestment Act of 2002 (7 U.S.C. 8113(e)) is amended by  
10   inserting before the period at the end “and \$5,000,000  
11   for each of fiscal years 2013 through 2017”.

12 **SEC. 9013. REPEAL OF RENEWABLE FERTILIZER STUDY.**

13           Section 9003 of the Food, Conservation, and Energy  
14   Act of 2008 (Public Law 110–246; 122 Stat. 2096) is re-  
15   pealed.

16 **TITLE X—HORTICULTURE [COM-**  
17 **COMPLETE SUBSTITUTE AMEND-**  
18 **MENT]**

19 **SEC. 10001. SPECIALTY CROPS MARKET NEWS ALLOCATION.**

20           Section 10107(b) of the Food, Conservation, and En-  
21   ergy Act of 2008 (7 U.S.C. 1622b(b)) is amended by strik-  
22   ing “2012” and inserting “2017”.

1 **SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE**  
2 **MOVEMENT OF SPECIALTY CROPS.**

3 Section 10403 of the Food, Conservation, and En-  
4 ergy Act of 2008 (7 U.S.C. 1622c) is repealed.

5 **SEC. 10003. FARMERS MARKET AND LOCAL FOOD PRO-**  
6 **MOTION PROGRAM.**

7 Section 6 of the Farmer-to-Consumer Direct Mar-  
8 keting Act of 1976 (7 U.S.C. 3005) is amended—

9 (1) in the section heading, by adding “AND  
10 LOCAL FOOD” after “MARKET”;

11 (2) in subsection (a)—

12 (A) by inserting “and Local Food” after  
13 “Market”;

14 (B) by striking “farmers’ markets and to  
15 promote”; and

16 (C) by inserting “and local food capacity  
17 development” before the period at the end;

18 (3) in subsection (b), by striking paragraph (1)  
19 and inserting the following:

20 “(1) IN GENERAL.—The purposes of the Pro-  
21 gram are to increase domestic consumption of and  
22 access to locally and regionally produced agricultural  
23 products by developing, improving, expanding, and  
24 providing outreach, training, and technical assist-  
25 ance to, or assisting in the development, improve-  
26 ment and expansion of—

1           “(A) domestic farmers’ markets, roadside  
2           stands, community-supported agriculture pro-  
3           grams, agritourism activities, and other direct  
4           producer-to-consumer market opportunities; and

5           “(B) local and regional food enterprises  
6           that are not direct producer-to-consumer mar-  
7           kets but process, distribute, aggregate, store,  
8           and market locally or regionally produced food  
9           products.”;

10          (4) in subsection (c)(1)—

11           (A) by inserting “or other business entity”  
12           after “cooperative”; and

13           (B) by inserting “, including a community  
14           supported agriculture network or association”  
15           after “association”;

16          (5) by redesignating subsection (e) as sub-  
17          section (f);

18          (6) by inserting after subsection (d) the fol-  
19          lowing:

20          “(e) PRIORITIES.—In providing grants under the  
21          Program, priority shall be given to applications that in-  
22          clude projects that—

23           “(1) benefit underserved communities;

24           “(2) develop market opportunities for small and  
25          mid-sized farm and ranch operations; and

1           “(3) include a strategic plan to maximize the  
2           use of funds to build capacity for local and regional  
3           food systems in a community.”;

4           (7) in subsection (f) (as redesignated by para-  
5           graph (5))—

6           (A) in paragraph (1)—

7           (i) in subparagraph (B), by striking  
8           “and” after the semicolon at the end;

9           (ii) in subparagraph (C), by striking  
10           the period at the end and inserting “;  
11           and”; and

12           (iii) by adding at the end the fol-  
13           lowing:

14           “(D) \$20,000,000 for each of fiscal years  
15           2013 through 2017.”;

16           (B) by striking paragraphs (2) and (4);

17           (C) by redesignating paragraph (3) as  
18           paragraph (4);

19           (D) by inserting after paragraph (1) the  
20           following:

21           “(2) AUTHORIZATION OF APPROPRIATIONS.—In  
22           addition to funds made available under paragraph  
23           (1), there is authorized to be appropriated to carry  
24           out this section \$20,000,000 for each of fiscal years  
25           2013 through 2017.

1 “(3) USE OF FUNDS.—

2 “(A) IN GENERAL.—Of the funds made  
3 available to carry out the Program for each fis-  
4 cal year, 50 percent shall be used for the pur-  
5 poses described in subsection (b)(1)(A) and 50  
6 percent shall be used for the purposes described  
7 in subsection (b)(1)(B).

8 “(B) COST SHARE.—To be eligible to re-  
9 ceive a grant for a project described in sub-  
10 section (b)(1)(B), a recipient shall provide a  
11 match in the form of cash or in-kind contribu-  
12 tions in an amount equal to 25 percent of the  
13 total cost of the project.”; and

14 (E) by adding at the end the following:

15 “(5) ADMINISTRATIVE EXPENSES.—Not more  
16 than 10 percent of the total amount made available  
17 to carry out this section for a fiscal year may be  
18 used for administrative expenses.

19 “(6) LIMITATIONS.—An eligible entity may not  
20 use a grant or other assistance provided under the  
21 Program for the purchase, construction, or rehabili-  
22 tation of a building or structure.”.

23 **SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION AND PRO-**  
24 **GRAM EVALUATION.**

25 (a) IN GENERAL.—The Secretary shall—

1           (1) collect data on the production and mar-  
2           keting of locally or regionally produced agricultural  
3           food products;

4           (2) facilitate interagency collaboration and data  
5           sharing on programs related to local and regional  
6           food systems; and

7           (3) monitor the effectiveness of programs de-  
8           signed to expand or facilitate local food systems.

9           (b) REQUIREMENTS.—In carrying out this section,  
10          the Secretary shall, at a minimum—

11           (1) collect and distribute comprehensive report-  
12           ing of prices of locally or regionally produced agri-  
13           cultural food products;

14           (2) conduct surveys and analysis and publish  
15           reports relating to the production, handling, dis-  
16           tribution, retail sales, and trend studies (including  
17           consumer purchasing patterns) of or on locally or re-  
18           gionally produced agricultural food products;

19           (3) evaluate the effectiveness of existing pro-  
20           grams in growing local and regional food systems,  
21           including—

22                   (A) the impact of local food systems on job  
23                   creation and economic development;

24                   (B) the level of participation in the Farm-  
25                   ers' Market and Local Food Promotion Pro-

1           gram established under section 6 of the Farm-  
2           er-to-Consumer Direct Marketing Act of 1976  
3           (7 U.S.C. 3005), including the percentage of  
4           projects funded in comparison to applicants and  
5           the types of eligible entities receiving funds;

6           (C) the ability for participants to leverage  
7           private capital and a synopsis of the places  
8           from which non-Federal funds are derived; and

9           (D) any additional resources required to  
10          aid in the development or expansion of local  
11          and regional food systems;

12          (4) expand the Agricultural Resource Manage-  
13          ment Survey to include questions on locally or re-  
14          gionally produced agricultural food products; and

15          (5) seek to establish or expand private-public  
16          partnerships to facilitate, to the maximum extent  
17          practicable, the collection of data on locally or re-  
18          gionally produced agricultural food products, includ-  
19          ing the development of a nationally coordinated and  
20          regionally balanced evaluation of the redevelopment  
21          of locally or regionally produced food systems.

22          (c) REPORT.—Not later than 1 year after the date  
23          of enactment of this Act and annually thereafter, the Sec-  
24          retary shall submit to the Committee on Agriculture of  
25          the House of Representatives and the Committee on Agri-

1 culture, Nutrition, and Forestry of the Senate a report  
2 describing the progress that has been made in imple-  
3 menting this section and identifying any additional needs  
4 related to developing local and regional food systems.

5 **SEC. 10005. ORGANIC AGRICULTURE.**

6 (a) ORGANIC PRODUCTION AND MARKET DATA INI-  
7 TIATIVES.—Section 7407 of the Farm Security and Rural  
8 Investment Act of 2002 (7 U.S.C. 5925c) is amended—

9 (1) in subsection (c)—

10 (A) in the matter preceding paragraph (1),  
11 by inserting “and annually thereafter” after  
12 “this subsection”;

13 (B) in paragraph (1), by striking “and” at  
14 the end;

15 (C) by redesignating paragraph (2) as  
16 paragraph (3); and

17 (D) by inserting after paragraph (1) the  
18 following:

19 “(2) describes how data collection agencies  
20 (such as the Agricultural Marketing Service and the  
21 National Agricultural Statistics Service) are coordi-  
22 nating with data user agencies (such as the Risk  
23 Management Agency) to ensure that data collected  
24 under this section can be used by data user agencies,

1 including by the Risk Management Agency to offer  
2 price elections for all organic crops; and”;

3 (2) in subsection (d)—

4 (A) by redesignating paragraph (2) as  
5 paragraph (3);

6 (B) by inserting after paragraph (1) the  
7 following:

8 “(2) MANDATORY FUNDING.—In addition to  
9 any funds available under paragraph (1), of the  
10 funds of the Commodity Credit Corporation, the  
11 Secretary shall use to carry out this section  
12 \$5,000,000, to remain available until expended.”;  
13 and

14 (C) in paragraph (3) (as redesignated by  
15 subparagraph (A))—

16 (i) by striking “paragraph (1)” and  
17 inserting “paragraphs (1) and (2)”; and

18 (ii) by striking “2012” and inserting  
19 “2017”.

20 (b) MODERNIZATION AND TECHNOLOGY UPGRADE  
21 FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the  
22 Organic Foods Production Act of 1990 (7 U.S.C. 6522)  
23 is amended—

24 (1) in subsection (b)—

1 (A) in paragraph (5), by striking “and” at  
2 the end;

3 (B) by redesignating paragraph (6) as  
4 paragraph (7); and

5 (C) by inserting after paragraph (5) the  
6 following:

7 “(6) \$15,000,000 for each of fiscal years 2013  
8 through 2017; and”; and

9 (2) by adding at the end the following:

10 “(c) MODERNIZATION AND TECHNOLOGY UPGRADE  
11 FOR NATIONAL ORGANIC PROGRAM.—

12 “(1) IN GENERAL.—The Secretary shall mod-  
13 ernize database and technology systems of the na-  
14 tional organic program.

15 “(2) FUNDING.—Of the funds of the Com-  
16 modity Credit Corporation and in addition to any  
17 other funds made available for that purpose, the  
18 Secretary shall make available to carry out this sub-  
19 section \$5,000,000 in fiscal year 2013, to remain  
20 available until expended.

21 “(d) REPORT.—Not later than 180 days after the  
22 date of enactment of this subsection, the Secretary shall  
23 submit to the Committee on Agriculture of the House of  
24 Representatives and the Committee on Agriculture, Nutri-  
25 tion, and Forestry of the Senate a report that—

1           “(1) describes the efforts of the Secretary to  
2           ensure that activities conducted through commodity  
3           research and promotion programs adequately reflect  
4           the priorities of all members of the applicable orders;  
5           and

6           “(2) includes an assessment of the feasibility of  
7           establishing an organic research and promotion pro-  
8           gram, including any current barriers to establish-  
9           ment and challenges related to implementation.”.

10 **SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

11           Section 10105(e) of the Food, Conservation, and En-  
12           ergy Act of 2008 (7 U.S.C. 7655a(e)) is amended by strik-  
13           ing “2012” and inserting “2017”.

14 **SEC. 10007. CONSOLIDATION OF PLANT PEST AND DISEASE**  
15                                   **MANAGEMENT AND DISASTER PREVENTION**  
16                                   **PROGRAMS.**

17           (a) RELOCATION OF LEGISLATIVE LANGUAGE RE-  
18           LATING TO NATIONAL CLEAN PLANT NETWORK.—Section  
19           420 of the Plant Protection Act (7 U.S.C. 7721) is amend-  
20           ed—

21                   (1) by redesignating subsection (e) as sub-  
22                   section (f); and

23                   (2) by inserting after subsection (d) the fol-  
24                   lowing:

25                   “(e) NATIONAL CLEAN PLANT NETWORK.—

1           “(1) IN GENERAL.—The Secretary shall estab-  
2           lish a program to be known as the ‘National Clean  
3           Plant Network’ (referred to in this subsection as the  
4           ‘Program’).

5           “(2) REQUIREMENTS.—Under the Program, the  
6           Secretary shall establish a network of clean plant  
7           centers for diagnostic and pathogen elimination serv-  
8           ices—

9                   “(A) to produce clean propagative plant  
10                  material; and

11                   “(B) to maintain blocks of pathogen-tested  
12                  plant material in sites located throughout the  
13                  United States.

14           “(3) AVAILABILITY OF CLEAN PLANT SOURCE  
15           MATERIAL.—Clean plant source material produced  
16           or maintained under the Program may be made  
17           available to—

18                   “(A) a State for a certified plant program  
19                  of the State; and

20                   “(B) private nurseries and producers.

21           “(4) CONSULTATION AND COLLABORATION.—In  
22           carrying out the Program, the Secretary shall—

23                   “(A) consult with—

24                           “(i) State departments of agriculture;  
25                           and

1                   “(ii) land-grant colleges and univer-  
2                   sities and NLGCA Institutions (as those  
3                   terms are defined in section 1404 of the  
4                   National Agricultural Research, Extension,  
5                   and Teaching Policy Act of 1977 (7 U.S.C.  
6                   3103)); and

7                   “(B) to the extent practicable and with  
8                   input from the appropriate State officials and  
9                   industry representatives, use existing Federal or  
10                  State facilities to serve as clean plant centers.”.

11               (b) FUNDING.—Subsection (f) of section 420 of the  
12               Plant Protection Act (7 U.S.C. 7721) (as redesignated by  
13               subsection (a)(1)) is amended—

14               (1) in paragraph (3), by striking “and” at the  
15               end;

16               (2) in paragraph (4), by striking “and each fis-  
17               cal year thereafter.” and inserting a semicolon; and

18               (3) by adding at the end the following:

19               “(5) \$60,000,000 for each of fiscal years 2013  
20               through 2016; and

21               “(6) \$65,000,000 for fiscal year 2017 and each  
22               fiscal year thereafter.”.

23               (c) REPEAL OF EXISTING PROVISION.—Section  
24               10202 of the Food, Conservation, and Energy Act of 2008  
25               (7 U.S.C. 7761) is repealed.

1 (d) CLARIFICATION OF USE OF FUNDS FOR TECH-  
2 NICAL ASSISTANCE.—Section 420 of the Plant Protection  
3 Act (7 U.S.C. 7721) (as amended by subsection (a)) is  
4 amended by adding at the end the following:

5 “(g) RELATIONSHIP TO OTHER LAW.—The use of  
6 Commodity Credit Corporation funds under this section  
7 to provide technical assistance shall not be considered an  
8 allotment or fund transfer from the Commodity Credit  
9 Corporation for purposes of the limit on expenditures for  
10 technical assistance imposed by section 11 of the Com-  
11 modity Credit Corporation Charter Act (15 U.S.C.  
12 714i).”.

13 **SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

14 Section 101 of the Specialty Crops Competitiveness  
15 Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465)  
16 is amended—

17 (1) in subsection (a)—

18 (A) by striking “subsection (j)” and insert-  
19 ing “subsection (l)”; and

20 (B) by striking “2012” and inserting  
21 “2017”;

22 (2) by striking subsection (b) and inserting the  
23 following:

24 “(b) GRANTS BASED ON VALUE AND ACREAGE.—  
25 Subject to subsection (c), in the case of each State with

1 an application for a grant for a fiscal year that is accepted  
2 by the Secretary of Agriculture under subsection (f), the  
3 amount of a grant for a fiscal year to a State under this  
4 section shall bear the same ratio to the total amount made  
5 available under subsection (l) for that fiscal year as—

6 “(1) the average of the most recent available  
7 value of specialty crop production in the State and  
8 the acreage of specialty crop production in the State,  
9 as demonstrated in the most recent Census of Agri-  
10 culture data; bears to

11 “(2) the average of the most recent available  
12 value of specialty crop production in all States and  
13 the acreage of specialty crop production in all  
14 States, as demonstrated in the most recent Census  
15 of Agriculture data.”;

16 (3) by redesignating subsection (j) as sub-  
17 section (l);

18 (4) by inserting after subsection (i) the fol-  
19 lowing:

20 “(j) MULTISTATE PROJECTS.—

21 “(1) IN GENERAL.—Not later than 180 days  
22 after the date of enactment of the Agriculture Re-  
23 form, Food, and Jobs Act of 2012, the Secretary of  
24 Agriculture shall issue guidance for the purpose of

1 making grants to multistate projects under this sec-  
2 tion for projects involving—

3 “(A) food safety;

4 “(B) plant pests and disease;

5 “(C) crop-specific projects addressing com-  
6 mon issues; and

7 “(D) any other area that furthers the pur-  
8 poses of this section, as determined by the Sec-  
9 retary.

10 “(2) FUNDING.—Of the funds provided under  
11 subsection (l), the Secretary of Agriculture may allo-  
12 cate for grants under this subsection, to remain  
13 available until expended—

14 “(A) \$1,000,000 for fiscal year 2013;

15 “(B) \$2,000,000 for fiscal year 2014;

16 “(C) \$3,000,000 for fiscal year 2015;

17 “(D) \$4,000,000 for fiscal year 2016; and

18 “(E) \$5,000,000 for fiscal year 2017.

19 “(k) ADMINISTRATION.—

20 “(1) DEPARTMENT.—The Secretary of Agri-  
21 culture may not use more than 3 percent of the  
22 funds made available to carry out this section for a  
23 fiscal year for administrative expenses.

24 “(2) STATES.—A State receiving a grant under  
25 this section may not use more than 8 percent of the

1 funds received under the grant for a fiscal year for  
2 administrative expenses.”; and

3 (5) in subsection (l) (as redesignated by para-  
4 graph (3))—

5 (A) in paragraph (2), by striking “and” at  
6 the end;

7 (B) in paragraph (3), by striking the pe-  
8 riod at the end and inserting “; and”; and

9 (C) by adding at the end the following:

10 “(4) \$70,000,000 for fiscal year 2013 and each  
11 fiscal year thereafter.”.

12 **SEC. 10009. RECORDKEEPING, INVESTIGATIONS, AND EN-**  
13 **FORCEMENT.**

14 The Organic Foods Production Act of 1990 is amend-  
15 ed by inserting after section 2120 (7 U.S.C. 6519) the  
16 following:

17 **“SEC. 2120A. RECORDKEEPING, INVESTIGATIONS, AND EN-**  
18 **FORCEMENT.**

19 “(a) RECORDKEEPING.—

20 “(1) IN GENERAL.—Except as otherwise pro-  
21 vided in this title, all persons, including producers,  
22 handlers, and certifying agents, required to report  
23 information to the Secretary under this title shall  
24 maintain, and make available to the Secretary on  
25 the request of the Secretary, all contracts, agree-

1       ments, receipts, and other records associated with  
2       the organic certification program established by the  
3       Secretary under this title.

4               “(2) DURATION OF RECORDKEEPING REQUIRE-  
5       MENT.—A record covered by paragraph (1) shall be  
6       maintained—

7                       “(A) by a person covered by this title, ex-  
8                       cept for a certifying agent, for a period of 5  
9                       years beginning on the date of the creation of  
10                      the record; and

11                     “(B) by a certifying agent, for a period of  
12                     10 years beginning on the date of the creation  
13                     of the record.

14       “(b) CONFIDENTIALITY.—

15               “(1) IN GENERAL.—Subject to paragraph (2),  
16       and except as otherwise directed by the Secretary or  
17       the Attorney General for enforcement purposes, no  
18       officer, employee, or agent of the United States shall  
19       make available to the public information, statistics,  
20       or documents obtained from or made available by  
21       any person under this title, other than in a manner  
22       that ensures that confidentiality is preserved regard-  
23       ing the identity of persons, including parties to a  
24       contract, and proprietary business information.

1           “(2) ALLEGED VIOLATORS AND NATURE OF AC-  
2           TIONS.—The Secretary may release the name of the  
3           alleged violator and the nature of the actions trig-  
4           gering an order, suspension, or revocation under  
5           subsection (e).

6           “(c) INVESTIGATION.—

7           “(1) IN GENERAL.—The Secretary may take  
8           such investigative actions as the Secretary considers  
9           to be necessary to carry out this title—

10           “(A) to verify the accuracy of any informa-  
11           tion reported or made available under this title;  
12           and

13           “(B) to determine, with regard to actions,  
14           practices, or information required under this  
15           title, whether a person covered by this title has  
16           committed, or will commit, a violation of any  
17           provision of this title, including an order or reg-  
18           ulation promulgated by the Secretary.

19           “(2) INVESTIGATIVE POWERS.—The Secretary  
20           may administer oaths and affirmations, subpoena  
21           witnesses, compel attendance of witnesses, take evi-  
22           dence, and require the production of any books, pa-  
23           pers, and documents that are relevant to the inves-  
24           tigation.

1       “(d) UNLAWFUL ACT.—It shall be unlawful and a  
2 violation of this title for any person covered by this title—

3           “(1) to fail or refuse to provide, or delay the  
4 timely provision of, accurate information required by  
5 the Secretary under this section;

6           “(2) to violate—

7               “(A) an order of the Secretary;

8               “(B) a suspension or revocation of the or-  
9 ganic certification of a producer or handler; or

10              “(C) a suspension or revocation of the ac-  
11 creditation of a certifying agent; or

12           “(3) to sell, or attempt to sell, a product that  
13 is represented as being organically produced under  
14 this title if in fact the product has been produced or  
15 handled by an operation that is not yet a certified  
16 organic producer or handler under this title.

17       “(e) ENFORCEMENT.—

18           “(1) ORDER.—The Secretary may issue an  
19 order to stop the sale of an agricultural product that  
20 is labeled or otherwise represented as being organi-  
21 cally produced—

22               “(A) until the product can be verified—

23                   “(i) as meeting the national and State  
24 standards for organic production and han-

1 dling as provided in sections 2105 through  
2 2114;

3 “(ii) as having been produced or han-  
4 dled without the use of a prohibited sub-  
5 stance listed under section 2118; and

6 “(iii) as being produced and handled  
7 by a certified organic operation; and

8 “(B) if a person has committed an unlaw-  
9 ful act with respect to the product under sub-  
10 section (d).

11 “(2) CERTIFICATION OR ACCREDITATION.—

12 “(A) SUSPENSION.—

13 “(i) IN GENERAL.—The Secretary  
14 may suspend the organic certification of a  
15 producer or handler, or accreditation of a  
16 certifying agent, for a period not to exceed  
17 30 days, and may renew the suspension for  
18 an additional period, under the cir-  
19 cumstances described in clause (ii).

20 “(ii) ACTIONS TRIGGERING SUSPEN-  
21 SION.—The Secretary may take the sus-  
22 pension or renewal actions described in  
23 clause (i), if the Secretary has reason to  
24 believe that a person producing or han-  
25 dling an agricultural product, or a certi-

1           fying agent, has violated or is violating any  
2           provision of this title, including an order or  
3           regulation promulgated under this title.

4           “(iii) CONTINUATION OF SUSPENSION  
5           THROUGH APPEAL.—If the Secretary de-  
6           termines subsequent to an investigation  
7           that a violation of this title by a person  
8           covered by this title has occurred, the sus-  
9           pension shall remain in effect until the  
10          Secretary issues a revocation of the certifi-  
11          cation of the person or of the accreditation  
12          of the certifying agent, covered by this  
13          title, after an expedited administrative ap-  
14          peal under section 2121 has been com-  
15          pleted.

16          “(B) REVOCATION.—After notice and op-  
17          portunity for an administrative appeal under  
18          section 2121, if a violation described in sub-  
19          paragraph (A)(ii) is determined to have oc-  
20          curred and is an unlawful act under subsection  
21          (d), the Secretary shall revoke the organic cer-  
22          tification of the producer or handler, or the ac-  
23          creditation of the certifying agent.

24          “(3) VIOLATION OF ORDER OR REVOCATION.—  
25          A person who violates an order to stop the sale of

1 a product as an organically produced product under  
2 paragraph (1), or a revocation of certification or ac-  
3 creditation under paragraph (2)(B), shall be subject  
4 to 1 or more of the penalties provided in subsections  
5 (a) and (b) of section 2120.

6 “(f) APPEAL.—

7 “(1) IN GENERAL.—An order under subsection  
8 (e)(1), or a revocation of certification or accredita-  
9 tion under subsection (e)(2)(B) shall be final and  
10 conclusive unless the affected person files an appeal  
11 of the order—

12 “(A) first, to the administrative appeals  
13 process established under section 2121(a); and

14 “(B) second, if the affected person so  
15 elects, to a United States district court as pro-  
16 vided in section 2121(b) not later than 30 days  
17 after the date of the determination under sub-  
18 paragraph (A).

19 “(2) STANDARD.—An order under subsection  
20 (e)(1), or a revocation of certification or accredita-  
21 tion under subsection (e)(2)(B), shall be set aside  
22 only if the order, or the revocation of certification or  
23 accreditation, is not supported by substantial evi-  
24 dence.

25 “(g) NONCOMPLIANCE.—

1           “(1) IN GENERAL.—If a person covered by this  
2 title fails to obey an order, or a revocation of certifi-  
3 cation or accreditation, described in subsection (f)(2)  
4 after the order or revocation has become final and  
5 conclusive or after the appropriate United States  
6 district court has entered a final judgment in favor  
7 of the Secretary, the United States may apply to the  
8 appropriate United States district court for enforce-  
9 ment of the order, or the revocation of certification  
10 or accreditation.

11           “(2) ENFORCEMENT.—If the court determines  
12 that the order or revocation was lawfully made and  
13 duly served and that the person violated the order  
14 or revocation, the court shall enforce the order or  
15 revocation.

16           “(3) CIVIL PENALTY.—If the court finds that  
17 the person violated the order or revocation, the per-  
18 son shall be subject to a civil penalty of not more  
19 than \$10,000 for each offense.”.

20 **SEC. 10010. REPORT ON HONEY.**

21           (a) IN GENERAL.—Not later than 180 days after the  
22 date of enactment of this Act, the Secretary, in consulta-  
23 tion with affected stakeholders, shall submit to the Com-  
24 missioner of Food and Drugs a report describing how an  
25 appropriate Federal standard for the identity of honey

1 would promote honesty and fair dealing and would be in  
2 the interest of consumers, the honey industry, and United  
3 States agriculture.

4 (b) CONTENTS.—In preparing the report under sub-  
5 section (a), the Secretary shall take into consideration the  
6 March 2006 Standard of Identity citizens petition filed  
7 with the Food and Drug Administration, including any  
8 current industry amendments or clarifications necessary  
9 to update that 2006 petition.

10 **SEC. 10011. EFFECTIVE DATE.**

11 This title and the amendments made by this title take  
12 effect on October 1, 2012.

13 **TITLE XI—CROP INSURANCE**  
14 **[COMPLETE SUBSTITUTE**  
15 **AMENDMENT]**

16 **SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.**

17 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE  
18 OPTION.—Section 508(c) of the Federal Crop Insurance  
19 Act (7 U.S.C. 1508(c)) is amended by striking paragraph  
20 (3) and inserting the following:

21 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-  
22 ducer shall have the option of purchasing additional  
23 coverage based on—

24 “(A)(i) an individual yield and loss basis;

25 or

1                   “(ii) an area yield and loss basis;

2                   “(B) an individual yield and loss basis,  
3                   supplemented with coverage based on an area  
4                   yield and loss basis to cover all or a part of the  
5                   deductible under the individual yield and loss  
6                   policy, as authorized in paragraph (4)(C); or

7                   “(C) a margin basis.”.

8           (b) LEVEL OF COVERAGE.—Section 508(c) of the  
9   Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-  
10 ed by striking paragraph (4) and inserting the following:

11                   “(4) LEVEL OF COVERAGE.—

12                   “(A) DOLLAR DENOMINATION AND PER-  
13                   CENTAGE OF YIELD.—Except as provided in  
14                   subparagraph (C), the level of coverage—

15                   “(i) shall be dollar denominated; and

16                   “(ii) may be purchased at any level  
17                   not to exceed 85 percent of the individual  
18                   yield or 95 percent of the area yield (as de-  
19                   termined by the Corporation).

20                   “(B) INFORMATION.—The Corporation  
21                   shall provide producers with information on cat-  
22                   astrophic risk and additional coverage in terms  
23                   of dollar coverage (within the allowable limits of  
24                   coverage provided in this paragraph).

1                   “(C) SUPPLEMENTAL COVERAGE OP-  
2                   TION.—

3                   “(i) IN GENERAL.—Notwithstanding  
4                   subparagraph (A), in the case of the sup-  
5                   plemental coverage option described in  
6                   paragraph (3)(B), the Corporation shall  
7                   offer producers the opportunity to pur-  
8                   chase coverage in combination with a pol-  
9                   icy or plan of insurance offered under this  
10                  subtitle that would allow indemnities to be  
11                  paid to a producer equal to all or part of  
12                  the deductible under the policy or plan of  
13                  insurance, if sufficient area data is avail-  
14                  able (as determined by the Corporation).

15                  “(ii) TRIGGER.—Coverage offered  
16                  under this subparagraph shall be triggered  
17                  only if the losses in the area exceed 10 per-  
18                  cent of normal levels (as determined by the  
19                  Corporation).

20                  “(iii) COVERAGE.—Subject to the trig-  
21                  ger described in clause (ii) and the deduct-  
22                  ible imposed by clause (iv), coverage of-  
23                  fered under this subparagraph shall cover  
24                  the first loss incurred by the producer, not  
25                  to exceed the difference between—

1 “(I) 100 percent; and

2 “(II) the coverage level selected  
3 by the producer for the underlying  
4 policy or plan of insurance.

5 “(iv) DEDUCTIBLE.—Coverage offered  
6 under this subparagraph shall be subject to  
7 a deductible in an amount equal to, in the  
8 case of a producer who participates in the  
9 agriculture risk coverage program under  
10 section 1105(c) of the Agriculture Reform,  
11 Food, and Jobs Act of 2012, 21 percent of  
12 the expected value of the crop of the pro-  
13 ducer covered by the underlying policy or  
14 plan of insurance, as determined by the  
15 Corporation.

16 “(v) CALCULATION OF PREMIUM.—  
17 Notwithstanding subsection (d), the pre-  
18 mium shall—

19 “(I) be sufficient to cover antici-  
20 pated losses and a reasonable reserve;  
21 and

22 “(II) include an amount for oper-  
23 ating and administrative expenses es-  
24 tablished in accordance with sub-  
25 section (k)(4)(F).”.

1           (c) PAYMENT OF PORTION OF PREMIUM BY COR-  
2 PORATION.—Section 508(e)(2) of the Federal Crop Insur-  
3 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at  
4 the end the following:

5                   “(H) In the case of the supplemental cov-  
6 erage option authorized in subsection (c)(4)(C),  
7 the amount shall be equal to the sum of—

8                           “(i) 70 percent of the additional pre-  
9 mium associated with the coverage; and

10                           “(ii) the amount determined under  
11 subsection (c)(4)(C)(v)(II) for the coverage  
12 to cover operating and administrative ex-  
13 penses.”.

14           (d) CONFORMING AMENDMENT.—Section  
15 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.  
16 1508(k)(4)(F)) is amended by inserting “or authorized  
17 under subsection (c)(4)(C)” after “of this subparagraph”.

18           (e) EFFECTIVE DATE.—The Federal Crop Insurance  
19 Corporation shall begin to provide additional coverage  
20 based on an individual yield and loss basis, supplemented  
21 with coverage based on an area yield and loss basis, not  
22 later than for the 2013 crop year.

1 **SEC. 11002. PREMIUM AMOUNTS FOR CATASTROPHIC RISK**  
2 **PROTECTION.**

3 Section 508(d)(2) of the Federal Crop Insurance Act  
4 (7 U.S.C. 1508(d)(2)) is amended by striking subpara-  
5 graph (A) and inserting the following:

6 “(A) In the case of catastrophic risk pro-  
7 tection, the amount of the premium established  
8 by the Corporation for each crop for which cat-  
9 astrophic risk protection is available shall be re-  
10 duced by the percentage equal to the difference  
11 between the average loss ratio for the crop and  
12 100 percent, plus a reasonable reserve.”.

13 **SEC. 11003. PERMANENT ENTERPRISE UNIT.**

14 Section 508(e)(5) of the Federal Crop Insurance Act  
15 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-  
16 graph (A) and inserting the following:

17 “(A) IN GENERAL.—The Corporation may  
18 pay a portion of the premiums for plans or poli-  
19 cies of insurance for which the insurable unit is  
20 defined on a whole farm or enterprise unit basis  
21 that is higher than would otherwise be paid in  
22 accordance with paragraph (2).”.

1 **SEC. 11004. ENTERPRISE UNITS FOR IRRIGATED AND NON-**  
2 **IRRIGATED CROPS.**

3 Section 508(e)(5) of the Federal Crop Insurance Act  
4 (7 U.S.C. 1508(e)(5)) is amended by adding at the end  
5 the following:

6 “(D) NONIRRIGATED CROPS.—Beginning  
7 with the 2013 crop year, the Corporation shall  
8 make available separate enterprise units for ir-  
9 rigated and nonirrigated acreages of crops in  
10 counties.”.

11 **SEC. 11005. DATA COLLECTION.**

12 Section 508(g)(2) of the Federal Crop Insurance Act  
13 (7 U.S.C. 1508(g)(2)) is amended by adding at the end  
14 the following:

15 “(E) SOURCES OF YIELD DATA.—To deter-  
16 mine yields under this paragraph, the Corpora-  
17 tion—

18 “(i) shall use county data collected by  
19 the Risk Management Agency or the Na-  
20 tional Agricultural Statistics Service, or  
21 both; or

22 “(ii) if sufficient county data is not  
23 available, may use other data considered  
24 appropriate by the Secretary.”.

1 **SEC. 11006. ADJUSTMENT IN ACTUAL PRODUCTION HIS-**  
2 **TORY TO ESTABLISH INSURABLE YIELDS.**

3 Section 508(g)(4)(B) of the Federal Crop Insurance  
4 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

5 (1) in the matter preceding clause (i), by insert-  
6 ing “for the 2012 crop year or any prior crop year,  
7 or 70 percent of the applicable transitional yield for  
8 the 2013 or any subsequent crop year,” after “tran-  
9 sitional yield”; and

10 (2) in clause (ii), by striking “60 percent of the  
11 applicable transitional yield” and inserting “the ap-  
12 plicable percentage of the transitional yield described  
13 in this subparagraph”.

14 **SEC. 11007. SUBMISSION AND REVIEW OF POLICIES.**

15 Section 508(h)(1) of the Federal Crop Insurance Act  
16 (7 U.S.C. 1508(h)(1)) is amended—

17 (1) by redesignating subparagraphs (A) and  
18 (B) as clauses (i) and (ii), respectively, and indent-  
19 ing appropriately;

20 (2) by striking “(1) IN GENERAL.—” and in-  
21 serting the following:

22 “(1) SUBMISSION AND REVIEW OF POLICIES.—

23 “(A) SUBMISSIONS.—In addition”; and

24 (3) by adding at the end the following:

25 “(B) REVIEW.—The Corporation shall re-  
26 view any policy developed under section 522(c)

1 or any pilot program developed under section  
2 523 and submit the policy or program to the  
3 Board under this subsection if the Corporation,  
4 at the sole discretion of the Corporation, finds  
5 that the policy or program—

6 “(i) will likely result in a viable and  
7 marketable policy consistent with this sub-  
8 section;

9 “(ii) would provide crop insurance  
10 coverage in a significantly improved form;  
11 and

12 “(iii) adequately protects the interests  
13 of producers.”.

14 **SEC. 11008. BOARD REVIEW AND APPROVAL.**

15 (a) REVIEW AND APPROVAL BY THE BOARD.—Sec-  
16 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.  
17 1508(h)) is amended by striking paragraph (3) and insert-  
18 ing the following:

19 “(3) REVIEW AND APPROVAL BY THE BOARD.—

20 “(A) IN GENERAL.—A policy, plan of in-  
21 surance, or other material submitted to the  
22 Board under this subsection shall be reviewed  
23 by the Board and shall be approved by the  
24 Board for reinsurance and for sale by approved  
25 insurance providers to producers at actuarially

1           appropriate rates and under appropriate terms  
2           and conditions if the Board, at the sole discre-  
3           tion of the Board, determines that—

4                   “(i) the interests of producers are  
5                   adequately protected;

6                   “(ii) the rates of premium and price  
7                   election methodology are actuarially appro-  
8                   priate;

9                   “(iii) the terms and conditions for the  
10                  proposed policy or plan of insurance are  
11                  appropriate and would not unfairly dis-  
12                  criminate among producers;

13                  “(iv) the proposed policy or plan of in-  
14                  surance will, at the sole discretion of the  
15                  Board—

16                           “(I) likely result in a viable and  
17                           marketable policy that can reasonably  
18                           attain levels of participation similar to  
19                           other like policies or plans of insur-  
20                           ance;

21                           “(II) provide crop insurance cov-  
22                           erage in a significantly improved form  
23                           or in a manner that addresses a rec-  
24                           ognized flaw or problem in an existing  
25                           policy; or

1                   “(III) provide a new kind of cov-  
2                   erage for a commodity that previously  
3                   had no available crop insurance, or  
4                   has demonstrated a low level of par-  
5                   ticipation under existing coverage;

6                   “(v) the proposed policy or plan of in-  
7                   surance will, at the sole discretion of the  
8                   Board, not have a significant adverse im-  
9                   pact on the crop insurance delivery system;  
10                  and

11                  “(vi) the proposed policy or plan of in-  
12                  surance meets such other requirements as  
13                  are determined appropriate by the Board.

14                  “(B) PRIORITIES.—

15                  “(i) ESTABLISHMENT.—The Board,  
16                  at the sole discretion of the Board, may—

17                         “(I) annually establish priorities  
18                         under this subsection that specify  
19                         types of submissions needed to fulfill  
20                         the portfolio of policies or plans of in-  
21                         surance to be reviewed and approved  
22                         under this subsection; and

23                         “(II) make the priorities avail-  
24                         able on the website of the Corpora-  
25                         tion.

1 “(ii) PROCESS.—

2 “(I) IN GENERAL.—Policies or  
3 plans of insurance that satisfy the pri-  
4 orities established by the Board under  
5 this subsection shall be considered by  
6 the Board for approval prior to other  
7 submissions.

8 “(II) CONSIDERATIONS.—In ap-  
9 proving policies or plans of insurance,  
10 the Board shall—

11 “(aa) consider providing the  
12 highest priorities for policies or  
13 plans of insurance that address  
14 underserved commodities, includ-  
15 ing commodities for which there  
16 is no insurance; and

17 “(bb) consider providing the  
18 highest priorities for existing  
19 policies for which there is inad-  
20 equate coverage or there exists  
21 low levels of participation.

22 “(iii) OTHER CRITERIA.—The Board  
23 may establish such other criteria as the  
24 Board determines to meet the needs of  
25 producers and the priorities of this sub-

1 section, consistent with the purposes of  
2 this subtitle.”.

3 **SEC. 11009. CONSULTATION.**

4 Section 508(h)(4) of the Federal Crop Insurance Act  
5 (7 U.S.C. 1508(h)) is amended by adding at the end the  
6 following:

7 “(E) CONSULTATION.—

8 “(i) REQUIREMENT.—As part of the  
9 feasibility and research associated with the  
10 development of a policy or other material  
11 conducted prior to making a submission to  
12 the Board under this subsection, the sub-  
13 mitter shall consult with groups rep-  
14 resenting producers of agricultural com-  
15 modities in all major producing areas for  
16 the commodities to be served or potentially  
17 impacted, either directly or indirectly.

18 “(ii) SUBMISSION TO THE BOARD.—  
19 Any submission made to the Board under  
20 this subsection shall contain a summary  
21 and analysis of the feasibility and research  
22 findings from the impacted groups de-  
23 scribed in clause (i), including a summary  
24 assessment of the support for or against  
25 development of the policy and an assess-



1 (A)(ii), as compared to the previous Stand-  
2 ard Reinsurance Agreement—

3 “(I) to the maximum extent prac-  
4 ticable, shall be budget neutral; and

5 “(II) in no event, may signifi-  
6 cantly depart from budget neutrality.

7 “(ii) USE OF SAVINGS.—To the extent  
8 that any budget savings is realized in the  
9 renegotiation of a Standard Reinsurance  
10 Agreement under subparagraph (A)(ii),  
11 and the savings are determined not to be  
12 a significant departure from budget neu-  
13 trality under clause (i), the savings shall  
14 be used for programs administered or  
15 managed by the Risk Management Agen-  
16 cy.”.

17 **SEC. 11011. STACKED INCOME PROTECTION PLAN FOR PRO-**  
18 **DUCERS OF UPLAND COTTON.**

19 (a) AVAILABILITY OF STACKED INCOME PROTECTION  
20 PLAN.—The Federal Crop Insurance Act is amended by  
21 inserting after section 508A (7 U.S.C. 1508a) the fol-  
22 lowing:

1 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**  
2 **PRODUCERS OF UPLAND COTTON.**

3 “(a) AVAILABILITY.—Beginning not later than the  
4 2013 crop of upland cotton, if practicable, the Corporation  
5 shall make available to producers of maximum eligible  
6 acres of upland cotton an additional policy (to be known  
7 as the ‘Stacked Income Protection Plan’), which shall pro-  
8 vide coverage consistent with the Group Risk Income Pro-  
9 tection Plan (and the associated Harvest Revenue Option  
10 Endorsement) offered by the Corporation for the 2011  
11 crop year.

12 “(b) REQUIRED TERMS.—The Corporation may mod-  
13 ify the Stacked Income Protection Plan on a program-wide  
14 basis, except that the Stacked Income Protection Plan  
15 shall comply with the following requirements:

16 “(1) Provide coverage for revenue loss of not  
17 more than 30 percent of expected county revenue,  
18 specified in increments of 5 percent. The deductible  
19 is the minimum percent of revenue loss at which in-  
20 demnities are triggered under the plan, not to be  
21 less than 10 percent of the expected county revenue.

22 “(2) Be offered to producers of upland cotton  
23 in all counties with upland cotton production—

24 “(A) at a county-wide level to the fullest  
25 extent practicable; or



1 not offered, an expected yield determined  
2 in a manner consistent with those of area-  
3 wide plans); or

4 “(ii)(I) the average of the applicable  
5 yield data for the county (or area) for the  
6 most recent 5 years, excluding the highest  
7 and lowest observations, from the Risk  
8 Management Agency or the National Agri-  
9 cultural Statistics, or both; or

10 “(II) if sufficient county data is not  
11 available, such other data considered ap-  
12 propriate by the Secretary.

13 “(5) Use a multiplier factor to establish max-  
14 imum protection per acre (referred to as a ‘protec-  
15 tion factor’) of not more than 120 percent.

16 “(6) Pay an indemnity based on the amount  
17 that the expected county revenue exceeds the actual  
18 county revenue, as applied to the individual coverage  
19 of the producer. Indemnities under the Stacked In-  
20 come Protection Plan shall not include or overlap  
21 the amount of the deductible selected under para-  
22 graph (1).

23 “(7) To the maximum extent practicable, in all  
24 counties for which data are available, establish sepa-

1 rate coverage levels for irrigated and nonirrigated  
2 practices.

3 “(8) Notwithstanding section 508(d), include a  
4 premium that—

5 “(A) is sufficient to cover anticipated  
6 losses and a reasonable reserve; and

7 “(B) includes an amount for operating and  
8 administrative expenses established in accord-  
9 ance with section 508(k)(4)(F).

10 “(c) RELATION TO OTHER COVERAGES.—

11 “(1) IN GENERAL.—Except as provided in para-  
12 graph (2), the Stacked Income Protection Plan is in  
13 addition to all other coverages available to producers  
14 of upland cotton.

15 “(2) LIMITATION.—Acreage of upland cotton  
16 insured under the Supplemental Coverage Option  
17 shall not be eligible for the Stacked Income Protec-  
18 tion Plan.

19 “(d) PAYMENT OF PORTION OF PREMIUM BY COR-  
20 PORATION.—Subject to section 508(e)(4), the amount of  
21 premium paid by the Corporation for all qualifying cov-  
22 erage levels of the Stacked Income Protection Plan shall  
23 be—

1           “(1) 80 percent of the amount of the premium  
2           established under subsection (b)(8)(A) for the cov-  
3           erage level selected; and

4           “(2) the amount determined under subsection  
5           (b)(8)(B) to cover administrative and operating ex-  
6           penses.”.

7           (b)           CONFORMING           AMENDMENT.—Section  
8           508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.  
9           1508(k)(4)(F)) (as amended by section 11001(d)) is  
10          amended by inserting “or under section 508B” after “sub-  
11          section (c)(4)(C)”.

12          **SEC. 11012. PEANUT REVENUE CROP INSURANCE.**

13          The Federal Crop Insurance Act is amended by in-  
14          serting after section 508B (as added by section 11011(a))  
15          the following:

16          **“SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

17          “(a) IN GENERAL.—Effective beginning with the  
18          2013 crop year, the Risk Management Agency and the  
19          Corporation shall make available to producers of peanuts  
20          a revenue crop insurance program for peanuts.

21          “(b) EFFECTIVE PRICE.—

22                  “(1) IN GENERAL.—Subject to paragraph (2),  
23                  for purposes of the revenue crop insurance program  
24                  and the multiperil crop insurance program under  
25                  this Act, the effective price for peanuts shall be

1 equal to the Rotterdam price index for peanuts, as  
2 adjusted to reflect the farmer stock price of peanuts  
3 in the United States.

4 “(2) ADJUSTMENTS.—

5 “(A) IN GENERAL.—The effective price for  
6 peanuts established under paragraph (1) may  
7 be adjusted by the Risk Management Agency  
8 and the Corporation to correct distortions.

9 “(B) ADMINISTRATION.—If an adjustment  
10 is made under subparagraph (A), the Risk  
11 Management Agency and the Corporation  
12 shall—

13 “(i) make the adjustment in an open  
14 and transparent manner; and

15 “(ii) submit to the Committee on Ag-  
16 riculture of the House of Representatives  
17 and the Committee on Agriculture, Nutri-  
18 tion, and Forestry of the Senate a report  
19 that describes the reasons for the adjust-  
20 ment.”.

21 **SEC. 11013. AUTHORITY TO CORRECT ERRORS.**

22 Section 515(c) of the Federal Crop Insurance Act (7  
23 U.S.C. 1515(c)) is amended—

24 (1) in the first sentence, by striking “The Sec-  
25 retary” and inserting the following:

1 “(1) IN GENERAL.—The Secretary”;

2 (2) in the second sentence, by striking “Begin-  
3 ning with” and inserting the following:

4 “(2) FREQUENCY.—Beginning with”; and

5 (3) by adding at the end the following:

6 “(3) CORRECTIONS.—

7 “(A) IN GENERAL.—The Corporation shall  
8 establish procedures that allow an agent and  
9 approved insurance provider within a reasonable  
10 amount of time following the applicable sales  
11 closing date to correct information regarding  
12 the entity name, social security number, tax  
13 identification number, or such other eligibility  
14 information as determined by the Corporation  
15 that is provided by a producer for the purpose  
16 of obtaining coverage under any policy or plan  
17 of insurance made available under this subtitle  
18 to ensure that the eligibility information is con-  
19 sistent with the information reported by the  
20 producer to the Farm Service Agency.

21 “(B) LIMITATION.—In accordance with the  
22 procedures of the Corporation, procedures  
23 under subparagraph (A) may include any subse-  
24 quent correction to the eligibility information  
25 described in that subparagraph made by the

1 Farm Service Agency if the corrections do not  
2 allow the producer—

3 “(i) to obtain a disproportionate ben-  
4 efit under the crop insurance program or  
5 any related program of the Department of  
6 Agriculture;

7 “(ii) to avoid ineligibility requirements  
8 for insurance; or

9 “(iii) to avoid an obligation or re-  
10 quirement under any Federal or State  
11 law.”.

12 **SEC. 11014. IMPLEMENTATION.**

13 Section 515 of the Federal Crop Insurance Act (7  
14 U.S.C. 1515) is amended—

15 (1) in subsection (j), by striking paragraph (1)  
16 and inserting the following:

17 “(1) SYSTEMS MAINTENANCE AND UP-  
18 GRADES.—

19 “(A) IN GENERAL.—The Secretary shall  
20 maintain and upgrade the information manage-  
21 ment systems of the Corporation used in the  
22 administration and enforcement of this subtitle.

23 “(B) REQUIREMENT.—

24 “(i) IN GENERAL.—In maintaining  
25 and upgrading the systems, the Secretary

1 shall ensure that new hardware and soft-  
2 ware are compatible with the hardware and  
3 software used by other agencies of the De-  
4 partment to maximize data sharing and  
5 promote the purposes of this section.

6 “(ii) ACREAGE REPORT STREAM-  
7 LINING INITIATIVE PROJECT.—As soon as  
8 practicable, the Secretary shall develop and  
9 implement an acreage report streamlining  
10 initiative project to allow producers to re-  
11 port acreage and other information directly  
12 to the Department.”; and

13 (2) in subsection (k), by striking paragraph (1)  
14 and inserting the following:

15 “(1) INFORMATION TECHNOLOGY.—

16 “(A) IN GENERAL.—For purposes of sub-  
17 section (j)(1), the Corporation may use, from  
18 amounts made available from the insurance  
19 fund established under section 516(c), not more  
20 than—

21 “(i)(I) for fiscal year 2013,  
22 \$25,000,000; and

23 “(II) for each of fiscal years 2014  
24 through 2017, \$10,000,000; or

1                   “(ii) if the Acreage Crop Reporting  
2                   Streamlining Initiative (ACRSI) project is  
3                   substantially completed by September 30,  
4                   2013, not more than \$15,000,000 for each  
5                   of fiscal years 2014 through 2017.

6                   “(B) NOTIFICATION.—Not later than July  
7                   1, 2013, the Secretary shall notify the Com-  
8                   mittee on Agriculture of the House of Rep-  
9                   resentatives and the Committee on Agriculture,  
10                  Nutrition, and Forestry of the Senate on the  
11                  status of the substantial completion of the  
12                  Acreage Crop Reporting Streamlining Initiative  
13                  (ACRSI) project.”.

14 **SEC. 11015. APPROVAL OF COSTS FOR RESEARCH AND DE-**  
15 **VELOPMENT.**

16                  Section 522(b)(2) of the Federal Crop Insurance Act  
17 (7 U.S.C. 1522(b)(2)) is amended by striking subpara-  
18 graph (E) and inserting the following:

19                  “(E) APPROVAL.—

20                         “(i) IN GENERAL.—The Board may  
21                         approve up to 50 percent of the projected  
22                         total research and development costs to be  
23                         paid in advance to an applicant, in accord-  
24                         ance with the procedures developed by the  
25                         Board for the making of the payments, if,

1 after consideration of the reviewer reports  
2 described in subparagraph (D) and such  
3 other information as the Board determines  
4 appropriate, the Board determines that—

5 “(I) the concept, in good faith,  
6 will likely result in a viable and mar-  
7 ketable policy consistent with section  
8 508(h);

9 “(II) at the sole discretion of the  
10 Board, the concept, if developed into a  
11 policy and approved by the Board,  
12 would provide crop insurance cov-  
13 erage—

14 “(aa) in a significantly im-  
15 proved form or that addresses a  
16 unique need of agricultural pro-  
17 ducers;

18 “(bb) to a crop or region not  
19 traditionally served by the Fed-  
20 eral crop insurance program; or

21 “(cc) in a form that ad-  
22 dresses a recognized flaw or  
23 problem in the program;

24 “(III) the applicant agrees to  
25 provide such reports as the Corpora-

1                   tion determines are necessary to mon-  
2                   itor the development effort;

3                   “(IV) the proposed budget and  
4                   timetable are reasonable, as deter-  
5                   mined by the Board; and

6                   “(V) the concept proposal meets  
7                   any other requirements that the  
8                   Board determines appropriate.

9                   “(ii) WAIVER.—The Board may waive  
10                  the 50-percent limitation and, upon re-  
11                  quest of the submitter after the submitter  
12                  has begun research and development activi-  
13                  ties, the Board may approve an additional  
14                  25 percent advance payment to the sub-  
15                  mitter for research and development costs,  
16                  if, at the sole discretion of the Board, the  
17                  Board determines that—

18                  “(I) the intended policy or plan  
19                  of insurance developed by the sub-  
20                  mitter will provide coverage for a re-  
21                  gion or crop that is underserved by  
22                  the Federal crop insurance program,  
23                  including specialty crops;

24                  “(II) the submitter is making  
25                  satisfactory progress towards devel-

1           oping a viable and marketable policy  
2           or plan of insurance consistent with  
3           section 508(h); and

4                   “(III) the submitter does not  
5           have sufficient financial resources to  
6           complete the development of the sub-  
7           mission into a viable and marketable  
8           policy or plan of insurance consistent  
9           with section 508(h).”.

10 **SEC. 11016. WHOLE FARM RISK MANAGEMENT INSURANCE.**

11           Section 522(c) of the Federal Crop Insurance Act (7  
12 U.S.C. 1522(c)) is amended by adding at the end the fol-  
13 lowing:

14                   “(18) WHOLE FARM DIVERSIFIED RISK MAN-  
15           AGEMENT INSURANCE PLAN.—

16                   “(A) IN GENERAL.—The Corporation shall  
17           conduct activities or enter into contracts to  
18           carry out research and development to develop  
19           a whole farm risk management insurance plan,  
20           with a liability limitation of \$1,500,000, that  
21           allows a diversified crop or livestock producer  
22           the option to qualify for an indemnity if actual  
23           gross farm revenue is below 85 percent of the  
24           average gross farm revenue or the expected

1 gross farm revenue that can reasonably be ex-  
2 pected of the producer.

3 “(B) ELIGIBLE PRODUCERS.—The Cor-  
4 poration shall permit producers (including di-  
5 rect-to-consumer marketers, and producers  
6 servicing local and regional and farm identity-  
7 preserved markets) who produce multiple agri-  
8 cultural commodities, including specialty crops,  
9 industrial crops, livestock, and aquaculture  
10 products, to participate in the plan in lieu of  
11 any other plan under this subtitle.

12 “(C) DIVERSIFICATION.—The Corporation  
13 may provide diversification-based additional  
14 coverage payment rates, premium discounts, or  
15 other enhanced benefits in recognition of the  
16 risk management benefits of crop and livestock  
17 diversification strategies for producers that  
18 grow multiple crops or that may have income  
19 from the production of livestock that uses a  
20 crop grown on the farm.

21 “(D) MARKET READINESS.—The Corpora-  
22 tion may include coverage for the value of any  
23 packing, packaging, or any other similar on-  
24 farm activity the Corporation determines to be

1           the minimum required in order to remove the  
2           commodity from the field.

3           “(E) REPORT.—Not later than 2 years  
4           after the date of enactment of this paragraph,  
5           the Corporation shall submit to the Committee  
6           on Agriculture of the House of Representatives  
7           and the Committee on Agriculture, Nutrition,  
8           and Forestry of the Senate a report that de-  
9           scribes the results and feasibility of the re-  
10          search and development conducted under this  
11          paragraph, including an analysis of potential  
12          adverse market distortions.”.

13 **SEC. 11017. CROP INSURANCE FOR LIVESTOCK.**

14          Section 522(c) of the Federal Crop Insurance Act (as  
15          amended by section 11016) is amended by adding at the  
16          end the following:

17                 “(19) STUDY ON SWINE CATASTROPHIC DIS-  
18                 EASE PROGRAM.—

19                         “(A) IN GENERAL.—The Corporation shall  
20                         contract with a qualified person to conduct a  
21                         study to determine the feasibility of insuring  
22                         swine producers for a catastrophic event.

23                         “(B) REPORT.—Not later than 1 year  
24                         after the date of the enactment of this para-  
25                         graph, the Corporation shall submit to the

1           Committee on Agriculture of the House of Rep-  
2           resentatives and the Committee on Agriculture,  
3           Nutrition, and Forestry of the Senate a report  
4           that describes the results of the study con-  
5           ducted under subparagraph (A).”.

6   **SEC. 11018. MARGIN COVERAGE FOR CATFISH.**

7           Section 522(c) of the Federal Crop Insurance Act (as  
8           amended by section 11017) is amended by adding at the  
9           end the following:

10           “(20) MARGIN COVERAGE FOR CATFISH.—

11                   “(A) IN GENERAL.—The Corporation shall  
12           offer to enter into a contract with a qualified  
13           entity to conduct research and development re-  
14           garding a policy to insure producers against re-  
15           duction in the margin between the market value  
16           of catfish and selected costs incurred in the  
17           production of catfish.

18                   “(B) ELIGIBILITY.—Eligibility for the pol-  
19           icy described in subparagraph (A) shall be lim-  
20           ited to freshwater species of catfish that are  
21           propagated and reared in controlled or selected  
22           environments.

23                   “(C) IMPLEMENTATION.—The Board shall  
24           review the policy described in subparagraph (B)

1 under subsection 508(h) and approve the policy  
2 if the Board finds that the policy—

3 “(i) will likely result in a viable and  
4 marketable policy consistent with this sub-  
5 section;

6 “(ii) would provide crop insurance  
7 coverage in a significantly improved form;

8 “(iii) adequately protects the interests  
9 of producers; and

10 “(iv) the proposed policy meets other  
11 requirements of this subtitle determined  
12 appropriate by the Board.”.

13 **SEC. 11019. RESEARCH AND DEVELOPMENT.**

14 (a) IN GENERAL.—Section 522(c) of the Federal  
15 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

16 (1) in the subsection heading, by striking “Con-  
17 tracting”;

18 (2) in paragraph (1), in the matter preceding  
19 subparagraph (A), by striking “may enter into con-  
20 tracts to carry out research and development to”  
21 and inserting “may conduct activities or enter into  
22 contracts to carry out research and development to  
23 maintain or improve existing policies or develop new  
24 policies to”;

25 (3) in paragraph (2)—

1 (A) in subparagraph (A), by inserting  
2 “conduct research and development or” after  
3 “The Corporation may”; and

4 (B) by striking subparagraph (B) and in-  
5 serting the following:

6 “(B) CONSULTATION.—Before conducting  
7 research and development or entering into a  
8 contract under subparagraph (A), the Corpora-  
9 tion shall follow the consultation requirements  
10 described in section 508(h)(4)(E).”;

11 (4) in paragraph (5), by inserting “after expert  
12 review in accordance with section 505(e) and proce-  
13 dures of the Board” after “approved by the Board”;  
14 and

15 (5) in paragraph (6), by striking “a pasture,  
16 range, and forage program” and inserting “policies  
17 that increase participation by producers of under-  
18 served agricultural commodities, including sweet sor-  
19 ghum, sorghum for biomass, specialty crops, sugar-  
20 cane, and dedicated energy crops”.

21 (b) FUNDING.—Section 522(e) of the Federal Crop  
22 Insurance Act (7 U.S.C. 1522(e)) is amended—

23 (1) in paragraph (2)—

1 (A) by striking “(A) AUTHORITY.—” and  
2 inserting “(A) CONDUCTING AND CONTRACTING  
3 FOR RESEARCH AND DEVELOPMENT.—”;

4 (B) in subparagraph (A), by inserting  
5 “conduct research and development and” after  
6 “the Corporation may use to”; and

7 (C) in subparagraph (B), by inserting  
8 “conduct research and development and” after  
9 “for the fiscal year to”;

10 (2) in paragraph (3), in the matter preceding  
11 subparagraph (A), by striking “to provide either re-  
12 imbursement payments or contract payments”; and

13 (3) by striking paragraph (4).

14 **SEC. 11020. PILOT PROGRAMS.**

15 Section 523(a) of the Federal Crop Insurance Act (7  
16 U.S.C. 1523(a)) is amended—

17 (1) in paragraph (1), by inserting “, at the sole  
18 discretion of the Corporation,” after “may”; and

19 (2) by striking paragraph (5).

20 **SEC. 11021. INDEX-BASED WEATHER INSURANCE PILOT**  
21 **PROGRAM.**

22 Section 523(a)(2) of the Federal Crop Insurance Act  
23 (7 U.S.C. 1523(a)(2)) is amended—

24 (1) by striking “Under” inserting the following:

25 “(A) IN GENERAL.—Under”; and

1 (2) by adding at the end the following:

2 “(B) INDEX-BASED WEATHER INSURANCE  
3 PILOT PROGRAM.—

4 “(i) IN GENERAL.—Notwithstanding  
5 subparagraph (A), the Corporation, at the  
6 sole discretion of the Corporation, may  
7 conduct a pilot program to provide finan-  
8 cial assistance for producers of under-  
9 served crops and livestock (including spe-  
10 cialty crops) to purchase an index-based  
11 weather insurance product from a private  
12 insurance company, subject to the require-  
13 ments of this subparagraph.

14 “(ii) PAYMENT OF PREMIUM.—

15 “(I) IN GENERAL.—Subject to  
16 subclause (II) and clause (v), the Cor-  
17 poration may pay a portion of the pre-  
18 mium for producers who purchase  
19 index-based weather insurance protec-  
20 tion from a private insurance com-  
21 pany for a crop and policy that is not  
22 reinsured under this subtitle, as deter-  
23 mined by the Corporation.

24 “(II) CONDITION.—The premium  
25 assistance under subclause (I) shall

1 not exceed 60 percent of the esti-  
2 mated premium amount, based on ex-  
3 pected losses, representative operating  
4 expenses, and representative profit  
5 margins, as determined by the Cor-  
6 poration.

7 “(iii) ELIGIBLE PROVIDERS.—Before  
8 providing premium assistance to producers  
9 to purchase index-based weather insurance  
10 from a private insurance company pursu-  
11 ant to this subparagraph, the Corporation  
12 shall verify that the company has adequate  
13 experience—

14 “(I) to develop and manage the  
15 index-based weather insurance prod-  
16 ucts, including adequate resources, ex-  
17 perience, and assets or sufficient rein-  
18 surance to meet the obligations of the  
19 company under this subparagraph;  
20 and

21 “(II) to support and deliver the  
22 index-based weather insurance prod-  
23 ucts.

24 “(iv) PROCEDURES.—The Corporation  
25 shall develop and publish procedures to ad-

1 minister the pilot program under this sub-  
2 paragraph that—

3 “(I) require each applicable pri-  
4 vate insurance company to report  
5 claim and sales data, and any other  
6 data the Corporation determines to be  
7 appropriate, to allow the Corporation  
8 to evaluate product pricing and per-  
9 formance;

10 “(II) allow the private insurance  
11 companies exclusive rights over the  
12 private insurance offered under this  
13 subparagraph, including rating of  
14 policies, protection of intellectual  
15 property rights on the product or pol-  
16 icy, and associated rating method-  
17 ology, for the period during which the  
18 companies are eligible under clause  
19 (iii); and

20 “(III) contain such other require-  
21 ments as the Corporation determines  
22 to be necessary to ensure that—

23 “(aa) the interests of pro-  
24 ducers are protected; and

1                                   “(bb) the program operates  
2                                   in an actuarially sound manner.

3                                   “(v) FUNDING.—Of the funds of the  
4                                   Corporation, the Corporation shall use to  
5                                   carry out this subparagraph \$10,000,000  
6                                   for each of fiscal years 2013 through  
7                                   2017, to remain available until expended.”.

8 **SEC. 11022. ENHANCING PRODUCER SELF-HELP THROUGH**  
9                                   **FARM FINANCIAL BENCHMARKING.**

10                                   (a) DEFINITION.—Section 502(b) of the Federal  
11 Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

12                                   (1) by redesignating paragraphs (6) through  
13                                   (9) as paragraphs (7) through (10), respectively;  
14                                   and

15                                   (2) by inserting after paragraph (5) the fol-  
16                                   lowing:

17                                   “(6) FARM FINANCIAL BENCHMARKING.—The  
18                                   term ‘farm financial benchmarking’ means—

19                                   “(A) the process of comparing the per-  
20                                   formance of an agricultural enterprise against  
21                                   the performance of other similar enterprises,  
22                                   through the use of comparable and reliable  
23                                   data, in order to identify business management  
24                                   strengths, weaknesses, and steps necessary to

1 improve management performance and business  
2 profitability; and

3 “(B) benchmarking of the type conducted  
4 by farm management and producer associations  
5 consistent with the activities described in or  
6 funded pursuant to section 1672D of the Food,  
7 Agriculture, Conservation, and Trade Act of  
8 1990 (7 U.S.C. 5925f).”.

9 (b) PARTNERSHIPS FOR RISK MANAGEMENT FOR  
10 PRODUCERS OF SPECIALTY CROPS AND UNDERSERVED  
11 AGRICULTURAL COMMODITIES.—Section 522(d)(3)(F) of  
12 the Federal Crop Insurance Act (7 U.S.C. 1522(d)(3)(F))  
13 is amended by inserting “farm financial benchmarking,”  
14 after “management,”.

15 (c) CROP INSURANCE EDUCATION AND RISK MAN-  
16 AGEMENT ASSISTANCE.—Section 524(a) of the Federal  
17 Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

18 (1) in paragraph (3)(A), by inserting “farm fi-  
19 nancial benchmarking,” after “risk reduction,”; and

20 (2) in paragraph (4), in the matter preceding  
21 subparagraph (A), by inserting “(including farm fi-  
22 nancial benchmarking)” after “management strate-  
23 gies”.

1 **SEC. 11023. BEGINNING FARMER AND RANCHER PROVI-**  
2 **SIONS.**

3 (a) DEFINITION.—Section 502(b) of the Federal  
4 Crop Insurance Act (7 U.S.C. 1502(b)) (as amended by  
5 section 11022(a)) is amended—

6 (1) by redesignating paragraphs (3) through  
7 (10) as paragraphs (4) through (11), respectively;  
8 and

9 (2) by inserting after paragraph (2) the fol-  
10 lowing:

11 “(3) BEGINNING FARMER OR RANCHER.—The  
12 term ‘beginning farmer or rancher’ means a farmer  
13 or rancher who has not actively operated and man-  
14 aged a farm or ranch with a bona fide insurable in-  
15 terest in a crop or livestock as an owner-operator,  
16 landlord, tenant, or sharecropper for more than 5  
17 crop years, as determined by the Secretary.”.

18 (b) PREMIUM ADJUSTMENTS.—Section 508 of the  
19 Federal Crop Insurance Act (7 U.S.C. 1508) is amend-  
20 ed—

21 (1) in subsection (b)(5)(E), by inserting “and  
22 beginning farmers or ranchers (for the first 5 crop  
23 years that the beginning farmer or rancher obtains  
24 crop insurance)” after “limited resource farmers”;

25 (2) in subsection (e), by adding at the end the  
26 following:

1           “(8) PREMIUM FOR BEGINNING FARMERS OR  
2 RANCHERS.—Notwithstanding any other provision of  
3 this subsection regarding payment of a portion of  
4 premiums, a beginning farmer or rancher shall re-  
5 ceive premium assistance that is 10 percentage  
6 points greater than premium assistance that would  
7 otherwise be available under paragraphs (2) (except  
8 for subparagraph (A) of that paragraph), (5), (6),  
9 and (7) for the applicable policy, plan of insurance,  
10 and coverage level selected by the beginning farmer  
11 or rancher.”; and

12           (3) in subsection (g)—

13           (A) in paragraph (2)(B)—

14           (i) in clause (i), by striking “or” at  
15 the end;

16           (ii) in clause (ii)(III), by striking the  
17 period at the end and inserting “; or”; and

18           (iii) by adding at the end the fol-  
19 lowing:

20           “(iii) if the producer is a beginning  
21 farmer or rancher who was previously in-  
22 volved in a farming or ranching operation,  
23 including involvement in the decision-  
24 making or physical involvement in the pro-  
25 duction of the crop or livestock on the

1 farm, for any acreage obtained by the be-  
2 ginning farmer or rancher, a yield that is  
3 the higher of—

4 “(I) the actual production history  
5 of the previous producer of the crop  
6 or livestock on the acreage determined  
7 under subparagraph (A); or

8 “(II) a yield of the producer, as  
9 determined in clause (i).”; and

10 (B) in paragraph (4)(B)(ii) (as amended  
11 by section 11006)—

12 (i) by inserting “(I)” after “(ii)”;

13 (ii) by striking the period at the end  
14 and inserting “; or”; and

15 (iii) by adding at the end the fol-  
16 lowing:

17 “(II) in the case of begin-  
18 ning farmers or ranchers, replace  
19 each excluded yield with a yield  
20 equal to 80 percent of the appli-  
21 cable transitional yield.”.

1 **SEC. 11024. AGRICULTURAL MANAGEMENT ASSISTANCE,**  
2 **RISK MANAGEMENT EDUCATION, AND OR-**  
3 **GANIC CERTIFICATION COST SHARE ASSIST-**  
4 **ANCE.**

5 Section 524 of the Federal Crop Insurance Act (7  
6 U.S.C. 1524) is amended by striking subsection (b) and  
7 inserting the following:

8 “(b) AGRICULTURAL MANAGEMENT ASSISTANCE,  
9 RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFI-  
10 CATION COST SHARE ASSISTANCE.—

11 “(1) AUTHORITY FOR PROVISION OF ASSIST-  
12 ANCE.—The Secretary shall provide assistance under  
13 this section as follows:

14 “(A) Provision of organic certification cost  
15 share assistance pursuant to section 10606 of  
16 the Farm Security and Rural Investment Act of  
17 2002 (7 U.S.C. 6523).

18 “(B) Activities to support risk manage-  
19 ment education and community outreach part-  
20 nerships pursuant to section 522(d), includ-  
21 ing—

22 “(i) entering into futures or hedging;

23 “(ii) entering into agricultural trade  
24 options as a hedging transaction to reduce  
25 production, price, or revenue risk; or

1                   “(iii) conducting any other activity re-  
2 relating to an activity described in clause (i)  
3 or (ii), including farm financial  
4 benchmarking, as determined by the Sec-  
5 retary.

6                   “(C) Provision of agricultural management  
7 assistance grants to producers in States in  
8 which there has been traditionally, and con-  
9 tinues to be, a low level of Federal crop insur-  
10 ance participation and availability, and pro-  
11 ducers underserved by the Federal crop insur-  
12 ance program, as determined by the Secretary,  
13 for the purposes of—

14                   “(i) constructing or improving—

15                   “(I) watershed management  
16 structures; or

17                   “(II) irrigation structures;

18                   “(ii) planting trees to form  
19 windbreaks or to improve water quality;  
20 and

21                   “(iii) mitigating financial risk through  
22 production or marketing diversification or  
23 resource conservation practices, includ-  
24 ing—

25                   “(I) soil erosion control;

1                   “(II) integrated pest manage-  
2                   ment;

3                   “(III) organic farming; or

4                   “(IV) to develop and implement a  
5                   plan to create marketing opportunities  
6                   for the producer, including through  
7                   value-added processing.

8                   “(2) PAYMENT LIMITATION.—The total amount  
9                   of payments made to a person (as defined in section  
10                  1001(5) of the Food Security Act (7 U.S.C.  
11                  1308(5))) (as in existence before the amendment  
12                  made by section 1603(b) of the Food, Conservation,  
13                  and Energy Act of 2008 (Public Law 110–246; 122  
14                  Stat. 1730)) under paragraph (1) for any year may  
15                  not exceed \$50,000.

16                  “(3) FUNDING.—

17                   “(A) IN GENERAL.—The Secretary shall  
18                   carry out this subsection through the Com-  
19                   modity Credit Corporation.

20                   “(B) FUNDING.—For each of fiscal years  
21                   2013 through 2017, the Commodity Credit Cor-  
22                   poration shall make available to carry out this  
23                   subsection \$23,000,000.

24                   “(C) DISTRIBUTION OF FUNDS.—Of the  
25                   amount made available to carry out this sub-

1 section for a fiscal year, the Commodity Credit  
2 Corporation shall use not less than—

3 “(i) 50 percent to carry out para-  
4 graph (1)(A);

5 “(ii) 26 percent to carry out para-  
6 graph (1)(B); and

7 “(iii) 24 percent to carry out para-  
8 graph (1)(C).”.

9 **SEC. 11025. CROP PRODUCTION ON NATIVE SOIL.**

10 (a) FEDERAL CROP INSURANCE.—Section 508(o) of  
11 the Federal Crop Insurance Act (7 U.S.C. 1508(o)) is  
12 amended—

13 (1) in paragraph (1)(B), by inserting “, or the  
14 producer cannot substantiate that the ground has  
15 never been tilled,” after “tilled”;

16 (2) in paragraph (2)(A), by striking “for bene-  
17 fits under—” and all that follows through the period  
18 at the end and inserting “for—

19 “(i) a portion of crop insurance pre-  
20 mium subsidies under this subtitle in ac-  
21 cordance with paragraph (3);

22 “(ii) benefits under section 196 of the  
23 Federal Agriculture Improvement and Re-  
24 form Act of 1996 (7 U.S.C. 7333); and

1                   “(iii) payments described in sub-  
2                   section (b) or (c) of section 1001 of the  
3                   Food Security Act of 1985 (7 U.S.C.  
4                   1308).”; and

5                   (3) by striking paragraph (3) and inserting the  
6                   following:

7                   “(3) ADMINISTRATION.—

8                   “(A) IN GENERAL.—During the first 4  
9                   crop years of planting on native sod acreage by  
10                  a producer described in paragraph (2)—

11                  “(i) paragraph (2) shall apply to 65  
12                  percent of the transitional yield of the pro-  
13                  ducer; and

14                  “(ii) the crop insurance premium sub-  
15                  sidy provided for the producer under this  
16                  subtitle shall be 50 percentage points less  
17                  than the premium subsidy that would oth-  
18                  erwise apply.

19                  “(B) YIELD SUBSTITUTION.—During the  
20                  period native sod acreage is covered by this sub-  
21                  section, a producer may not substitute yields  
22                  for the native sod acreage.”.

23                  (b) NONINSURED CROP DISASTER ASSISTANCE.—  
24                  Section 196(a)(4) of the Federal Agriculture Improvement

1 and Reform Act of 1996 (7 U.S.C. 7333(a)(4)) is amend-  
2 ed—

3 (1) in subparagraph (A)(i), by inserting “, or  
4 the producer cannot substantiate that the ground  
5 has never been tilled,” after “tilled”;

6 (2) in subparagraph (B)(i), by striking “for  
7 benefits under—” and all that follows through the  
8 period at the end and inserting “for—

9 “(I) benefits under this section;

10 “(II) a portion of crop insurance  
11 premium subsidies under the Federal  
12 Crop Insurance Act (7 U.S.C. 1501 et  
13 seq.) in accordance with subparagraph  
14 (C); and

15 “(III) payments described in sub-  
16 section (b) or (c) of section 1001 of  
17 the Food Security Act of 1985 (7  
18 U.S.C. 1308).”; and

19 (3) by striking subparagraph (C) and inserting  
20 the following:

21 “(C) ADMINISTRATION.—

22 “(i) IN GENERAL.—During the first 4  
23 crop years of planting on native sod acre-  
24 age by a producer described in subpara-  
25 graph (B)—

1                   “(I) subparagraph (B) shall  
2                   apply to 65 percent of the transitional  
3                   yield of the producer; and

4                   “(II) the crop insurance premium  
5                   subsidy provided for the producer  
6                   under the Federal Crop Insurance Act  
7                   (7 U.S.C. 1501 et seq.) shall be 50  
8                   percentage points less than the pre-  
9                   mium subsidy that would otherwise  
10                  apply.

11                  “(ii) YIELD SUBSTITUTION.—During  
12                  the period native sod acreage is covered by  
13                  this paragraph, a producer may not sub-  
14                  stitute yields for the native sod acreage.”.

15                  (c) CROPLAND REPORT.—

16                  (1) BASELINE.—Not later than 180 days  
17                  after the date of enactment of this Act, the Sec-  
18                  retary of Agriculture shall submit to the Committee  
19                  on Agriculture of the House of Representatives and  
20                  the Committee on Agriculture, Nutrition, and For-  
21                  estry of the Senate a report that describes the crop-  
22                  land acreage in each county and State, and the  
23                  change in cropland acreage from the preceding year  
24                  in each county and State, beginning with calendar  
25                  year 2000 and including that information for the

1 most recent year for which that information is avail-  
2 able.

3 (2) ANNUAL UPDATES.—Not later than Janu-  
4 ary 1, 2014, and each January 1 thereafter through  
5 January 1, 2017, the Secretary of Agriculture shall  
6 submit to the Committee on Agriculture of the  
7 House of Representatives and the Committee on Ag-  
8 riculture, Nutrition, and Forestry of the Senate a  
9 report that describes—

10 (A) the cropland acreage in each county  
11 and State as of the date of submission of the  
12 report; and

13 (B) the change in cropland acreage from  
14 the preceding year in each county and State.

15 **SEC. 11026. TECHNICAL AMENDMENTS.**

16 Section 508(b) of the Federal Crop Insurance Act (7  
17 U.S.C. 1508(b)) is amended—

18 (1) by striking paragraph (7); and

19 (2) by redesignating paragraphs (8) through  
20 (11) as paragraphs (7) through (10), respectively.

1 **TITLE XII—MISCELLANEOUS**  
2 **[COMPLETE SUBSTITUTE**  
3 **AMENDMENT]**

4 **Subtitle A—Socially Disadvantaged**  
5 **Producers and Limited Re-**  
6 **source Producers**

7 **SEC. 12001. OUTREACH AND ASSISTANCE FOR SOCIALLY**  
8 **DISADVANTAGED FARMERS AND RANCHERS**  
9 **AND VETERAN FARMERS AND RANCHERS.**

10 (a) OUTREACH AND ASSISTANCE FOR SOCIALLY DIS-  
11 ADVANTAGED FARMERS AND RANCHERS AND VETERAN  
12 FARMERS AND RANCHERS.—Section 2501 of the Food,  
13 Agriculture, Conservation, and Trade Act of 1990 (7  
14 U.S.C. 2279) is amended—

15 (1) in the section heading, by inserting “**AND**  
16 **VETERAN FARMERS AND RANCHERS**” after  
17 **“RANCHERS”**;

18 (2) in subsection (a)—

19 (A) in paragraph (2)(B)(i), by inserting  
20 “and veteran farmers or ranchers” after  
21 “ranchers”; and

22 (B) in paragraph (4)—

23 (i) in subparagraph (A)—

24 (I) in clause (i), by striking  
25 “and” at the end;

1 (II) in clause (ii), by striking the  
2 period at the end and inserting “;  
3 and”; and

4 (III) by adding at the end the  
5 following:

6 “(iii) \$5,000,000 for each of fiscal  
7 years 2013 through 2017.”; and

8 (ii) by adding at the end the fol-  
9 lowing:

10 “(D) AUTHORIZATION OF APPROPRIA-  
11 TIONS.—There is authorized to be appropriated  
12 to carry out this section \$20,000,000 for each  
13 of fiscal years 2013 through 2017.”;

14 (3) in subsection (b)(2), by inserting “or vet-  
15 eran farmers and ranchers” after “socially disadvan-  
16 taged farmers and ranchers”; and

17 (4) in subsection (c)—

18 (A) in paragraph (1)(A), by inserting “vet-  
19 eran farmers or ranchers and” before “mem-  
20 bers”; and

21 (B) in paragraph (2)(A), by inserting “vet-  
22 eran farmers or ranchers and” before “mem-  
23 bers”.

24 (b) DEFINITION OF VETERAN FARMER OR RANCH-  
25 ER.—Section 2501(e) of the Food, Agriculture, Conserva-

1 tion, and Trade Act of 1990 (7 U.S.C. 2279(e)) is amend-  
2 ed by adding at the end the following:

3 “(7) VETERAN FARMER OR RANCHER.—The  
4 term ‘veteran farmer or rancher’ means a farmer or  
5 rancher who served in the active military, naval, or  
6 air service, and who was discharged or released from  
7 the service under conditions other than dishonor-  
8 able.”.

9 **SEC. 12002. OFFICE OF ADVOCACY AND OUTREACH.**

10 Section 226B(f)(3) of the Department of Agriculture  
11 Reorganization Act of 1994 (7 U.S.C. 6934(f)(3)) is  
12 amended to read as follows:

13 “(3) AUTHORIZATION OF APPROPRIATIONS.—  
14 There are authorized to be appropriated to carry out  
15 this subsection—

16 “(A) such sums as are necessary for each  
17 of fiscal years 2009 through 2012; and

18 “(B) \$2,000,000 for each of fiscal years  
19 2013 through 2017.”.

20 **Subtitle B—Livestock**

21 **SEC. 12101. WILDLIFE RESERVOIR ZONOTIC DISEASE INI-**  
22 **TIATIVE.**

23 Title IV of the Agricultural Research, Extension, and  
24 Education Reform Act of 1998 (7 U.S.C. 7621 et seq.)  
25 is amended by adding at the end the following:

1 **“SEC. 413. WILDLIFE RESERVOIR ZOOBOTIC DISEASE INI-**  
2 **TIATIVE.**

3 “(a) DEFINITION OF COVERED DISEASE.—In this  
4 section, the term ‘covered disease’ means a zoonotic dis-  
5 ease affecting domestic livestock that is transmitted pri-  
6 marily from wildlife.

7 “(b) ESTABLISHMENT.—There is established within  
8 the Department a wildlife reservoir zoonotic disease initia-  
9 tive to provide assistance through Coordinated Agricul-  
10 tural Project grants for research and development of sur-  
11 veillance methods, vaccinations, vaccination delivery sys-  
12 tems, or diagnostic tests for covered diseases.

13 “(c) COVERED DISEASE.—

14 “(1) IN GENERAL.—To be eligible for a grant  
15 under this section, an eligible entity shall conduct  
16 research and development of surveillance methods,  
17 vaccines, vaccination delivery systems, or diagnostic  
18 tests for covered diseases in—

19 “(A) a wildlife reservoir in the United  
20 States; or

21 “(B) domestic livestock or wildlife pre-  
22 senting a potential concern to public health.

23 “(2) PRIORITY.—In making grants under this  
24 section, the Secretary shall give priority to grants  
25 that address—

26 “(A) *Brucella abortus* (Bovine Brucellosis);

1                   “(B) *Mycobacterium bovis* (Bovine Tuberculosis); or

2  
3                   “(C) other zoonotic disease in livestock  
4 that is covered by a high-priority research and  
5 extension initiative conducted under section  
6 1672 of the Food, Agriculture, Conservation,  
7 and Trade Act of 1990 (7 U.S.C. 5925).

8           “(d) ELIGIBLE ENTITIES.—The Secretary shall carry  
9 out the initiative established under subsection (b) through  
10 public scientific research consortia that may consist of  
11 members from—

12                   “(1) Federal agencies;

13                   “(2) National Laboratories;

14                   “(3) institutions of higher education;

15                   “(4) research institutions and organizations; or

16                   “(5) State agricultural experiment stations.

17           “(e) RESEARCH PROJECTS.—In carrying out this  
18 section, the Secretary shall award grants on a competitive  
19 basis.

20           “(f) ADMINISTRATION.—

21                   “(1) IN GENERAL.—In the case of grants  
22 awarded under this section, the Secretary shall—

23                   “(A) seek and accept proposals for grants;

1           “(B) determine the relevance and merit of  
2           proposals through a system of peer and merit  
3           review in accordance with section 103;

4           “(C) award grants on the basis of merit,  
5           quality, and relevance; and

6           “(D) manage the initiative established  
7           under subsection (b) using a Coordinated Agri-  
8           cultural Project format.

9           “(2) TERM.—The term of a grant under this  
10          section may not exceed 10 years.

11          “(3) MATCHING FUNDS REQUIRED.—The Sec-  
12          retary shall require the recipient of a grant under  
13          this section to provide funds or in-kind support from  
14          non-Federal sources in an amount that is not less  
15          than 25 percent of the amount provided by the Fed-  
16          eral Government.

17          “(4) OTHER CONDITIONS.—The Secretary may  
18          set such other conditions on the award of a grant  
19          under this section as the Secretary determines to be  
20          appropriate.

21          “(g) BUILDINGS AND FACILITIES.—Funds made  
22          available under this section shall not be used for—

23                 “(1) the construction of a new building or facil-  
24                 ity; or

1           “(2) the acquisition, expansion, remodeling, or  
2           alteration of an existing building or facility (includ-  
3           ing site grading and improvement and architect  
4           fees).

5           “(h) AUTHORIZATION OF APPROPRIATIONS.—

6           “(1) IN GENERAL.—There is authorized to be  
7           appropriated to carry out this section \$7,000,000 for  
8           each of fiscal years 2012 through 2017.

9           “(2) ALLOCATION.—Of the amount made avail-  
10          able for a fiscal year under paragraph (1), the Sec-  
11          retary shall use not less than 30 percent of the  
12          amount for the fiscal year to carry out activities  
13          under each of subparagraphs (A) and (B) of sub-  
14          section (c)(2).”.

15   **SEC. 12102. TRICHINAE CERTIFICATION PROGRAM.**

16          Section 10405(d)(1) of the Animal Health Protection  
17   Act (7 U.S.C. 8304(d)(1)) is amended in subparagraphs  
18   (A) and (B) by striking “2012” each place it appears and  
19   inserting “2017”.

20   **SEC. 12103. NATIONAL AQUATIC ANIMAL HEALTH PLAN.**

21          Section 11013(d) of the Food, Conservation, and En-  
22   ergy Act of 2008 (7 U.S.C. 8322(d)) is amended by strik-  
23   ing “2012” and inserting “2017”.

1 **SEC. 12104. SHEEP PRODUCTION AND MARKETING GRANT**  
2 **PROGRAM.**

3 (a) IN GENERAL.—Subtitle A of the Agricultural  
4 Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended  
5 by adding at the end the following:

6 **“SEC. 209. SHEEP PRODUCTION AND MARKETING GRANT**  
7 **PROGRAM.**

8 “(a) ESTABLISHMENT.—The Secretary, acting  
9 through the Administrator of the Agricultural Marketing  
10 Service (referred to in this section as the ‘Secretary’) shall  
11 establish a competitive grant program for the purposes of  
12 improving the United States sheep industry.

13 “(b) PURPOSE.—The purpose of the grant program  
14 shall be to strengthen and enhance the production and  
15 marketing of sheep and sheep products, including im-  
16 provement of—

17 “(1) infrastructure;

18 “(2) business;

19 “(3) resource development; and

20 “(4) innovative approaches to solve long-term  
21 needs.

22 “(c) ELIGIBILITY.—The Secretary shall make grants  
23 under this section to 1 or more national entities the mis-  
24 sion of which is consistent with the purpose of the grant  
25 program.

1           “(d) FUNDING.—Of the funds of the Commodity  
2 Credit Corporation, the Secretary shall use to carry out  
3 this section \$1,500,000 for fiscal year 2013, to remain  
4 available until expended.”.

5           (b) CONFORMING AMENDMENT.—Section 374 of the  
6 Consolidated Farm and Rural Development Act (7 U.S.C.  
7 2008j) (as in existence on the day before the date of enact-  
8 ment of this Act) is—

9           (1) amended in subsection (e)—

10                   (A) in paragraph (3)(D), by striking “3  
11 percent” and inserting “10 percent”; and

12                   (B) by striking paragraph (6); and

13           (2) redesignated as section 210 of the Agricul-  
14 tural Marketing Act of 1946; and

15           (3) moved so as to appear at the end of subtitle  
16 A of that Act (as amended by subsection (a)).

17 **SEC. 12105. FERAL SWINE ERADICATION PILOT PROGRAM.**

18           (a) IN GENERAL.—To eradicate or control the threat  
19 feral swine pose to the domestic swine population, the en-  
20 tire livestock industry, and the destruction of crops and  
21 natural plant communities and native habitats, the Sec-  
22 retary of Agriculture may establish a feral swine eradi-  
23 cation pilot program.

24           (b) PILOT.—Subject to the availability of appropria-  
25 tions under this section, the Secretary may provide finan-

1 cial assistance for the cost of carrying out a pilot pro-  
2 gram—

3 (1) to study and assess the nature and extent  
4 of damage to the pilot area caused by feral swine;

5 (2) to develop methods to eradicate or control  
6 feral swine in the pilot area; and

7 (3) to develop methods to restore damage  
8 caused by feral swine.

9 (c) COORDINATION.—The Secretary shall ensure that  
10 the Natural Resource Conservation Service and the Ani-  
11 mal and Plant Health Inspection Service coordinate to  
12 carry out the pilot program.

13 (d) COST SHARING.—

14 (1) FEDERAL SHARE.—The Federal share of  
15 the costs of the pilot program under this section  
16 may not exceed 75 percent of the total costs of car-  
17 rying out the pilot program.

18 (2) IN-KIND CONTRIBUTIONS.—The non-Fed-  
19 eral share of the costs of the pilot program may be  
20 provided in the form of in-kind contributions of ma-  
21 terials or services.

22 (e) LIMITATION ON ADMINISTRATIVE EXPENSES.—  
23 Not more than 10 percent of financial assistance provided  
24 by the Secretary under this section may be used for ad-  
25 ministrative expenses.

1 (f) AUTHORIZATION OF APPROPRIATIONS.—There is  
2 authorized to be appropriated to carry out this section  
3 \$2,000,000 for each of fiscal years 2013 through 2017.

4 **Subtitle C—Other Miscellaneous**  
5 **Provisions**

6 **SEC. 12201. MILITARY VETERANS AGRICULTURAL LIAISON.**

7 (a) IN GENERAL.—Subtitle A of the Department of  
8 Agriculture Reorganization Act of 1994 is amended by in-  
9 serting after section 218 (7 U.S.C. 6918) the following:

10 **“SEC. 219. MILITARY VETERANS AGRICULTURAL LIAISON.**

11 “(a) AUTHORIZATION.—The Secretary shall establish  
12 in the Department the position of Military Veterans Agri-  
13 cultural Liaison.

14 “(b) DUTIES.—The Military Veterans Agricultural  
15 Liaison shall—

16 “(1) provide information to returning veterans  
17 about, and connect returning veterans with, begin-  
18 ning farmer training and agricultural vocational and  
19 rehabilitation programs appropriate to the needs and  
20 interests of returning veterans, including assisting  
21 veterans in using Federal veterans educational bene-  
22 fits for purposes relating to beginning a farming or  
23 ranching career;

24 “(2) provide information to veterans concerning  
25 the availability of and eligibility requirements for

1 participation in agricultural programs, with par-  
2 ticular emphasis on beginning farmer and rancher  
3 programs;

4 “(3) serving as a resource for assisting veteran  
5 farmers and ranchers, and potential farmers and  
6 ranchers, in applying for participation in agricul-  
7 tural programs; and

8 “(4) advocating on behalf of veterans in inter-  
9 actions with employees of the Department.”.

10 (b) CONFORMING AMENDMENTS.—Section 296(b) of  
11 the Department of Agriculture Reorganization Act of  
12 1994 (7 U.S.C. 7014(b)) (as amended by section 1608(d))  
13 is amended—

14 (1) in paragraph (7), by striking the “or” at  
15 the end;

16 (2) in paragraph (8), by striking the period at  
17 the end and inserting “;or”; and

18 (3) by adding at the end the following:

19 “(9) the authority of the Secretary to establish  
20 in the Department the position of Military Veterans  
21 Agricultural Liaison in accordance with section  
22 219.”.

1 **SEC. 12202. INFORMATION GATHERING.**

2 Section 1619(b)(3) of the Food, Conservation, and  
3 Energy Act of 2008 (7 U.S.C. 8791) is amended by add-  
4 ing at the end the following:

5 “(B) COOPERATION WITH STATE AND  
6 LOCAL GOVERNMENTS.—

7 “(i) IN GENERAL.—Subject to clause  
8 (ii), in the case of a State agency, political  
9 subdivision, or local governmental agency  
10 that is charged with implementing an agri-  
11 culture or conservation program under  
12 State law, on request of the State agency,  
13 political subdivision, or local governmental  
14 agency, the information described in para-  
15 graph (2) shall be disclosed to the State  
16 agency, political subdivision, or local gov-  
17 ernmental agency if the Secretary deter-  
18 mines that the State agency, political sub-  
19 division, or local governmental agency  
20 demonstrates that the disclosure is re-  
21 quired for implementing the State pro-  
22 gram.

23 “(ii) RESTRICTION.—Any information  
24 disclosed to a State agency, political sub-  
25 division, or local governmental agency  
26 under clause (i) shall be—

1                   “(I) used solely by the State  
2                   agency, political subdivision, or local  
3                   governmental agency; and

4                   “(II) exempt from disclosure to  
5                   the public, including under any State  
6                   law that allows a citizen to petition a  
7                   State agency for that information.”.

8 **SEC. 12203. GRANTS TO IMPROVE SUPPLY, STABILITY,**  
9                   **SAFETY, AND TRAINING OF AGRICULTURAL**  
10                  **LABOR FORCE.**

11           Section 14204(d) of the Food, Conservation, and En-  
12   ergy Act of 2008 (7 U.S.C. 2008q-1(d)) is amended to  
13   read as follows:

14           “(d) AUTHORIZATION OF APPROPRIATIONS.—There  
15   are authorized to be appropriated to carry out this sec-  
16   tion—

17                   “(1) such sums as are necessary for each of fis-  
18                   cal years 2008 through 2012; and

19                   “(2) \$10,000,000 for each of fiscal years 2013  
20                   through 2017.”.

21 **SEC. 12204. NONINSURED CROP ASSISTANCE PROGRAM.**

22           (a) IN GENERAL.—Section 196 of the Federal Agri-  
23   culture Improvement and Reform Act of 1996 (7 U.S.C.  
24   7333) is amended—

25                   (1) in subsection (a)—

1 (A) by striking paragraph (1) and insert-  
2 ing the following:

3 “(1) IN GENERAL.—

4 “(A) COVERAGES.—In the case of an eligi-  
5 ble crop described in paragraph (2), the Sec-  
6 retary of Agriculture shall operate a noninsured  
7 crop disaster assistance program to provide cov-  
8 erages based on individual yields (other than  
9 for value-loss crops) equivalent to—

10 “(i) catastrophic risk protection avail-  
11 able under section 508(b) of the Federal  
12 Crop Insurance Act (7 U.S.C. 1508(b)); or

13 “(ii) additional coverage available  
14 under subsections (c) and (h) of section  
15 508 of that Act (7 U.S.C. 1508) that does  
16 not exceed 65 percent.

17 “(B) ADMINISTRATION.—The Secretary  
18 shall carry out this section through the Farm  
19 Service Agency (referred to in this section as  
20 the ‘Agency’).”; and

21 (B) in paragraph (2)—

22 (i) in subparagraph (A)—

23 (I) in the matter before clause  
24 (i), by striking “(except livestock)”

1 and inserting “(except livestock and  
2 crops and grasses used for grazing)”;

3 (II) in clause (i), by striking  
4 “and” after the semicolon at the end;

5 (III) by redesignating clause (ii)  
6 as clause (iii); and

7 (IV) by inserting after clause (i)  
8 the following:

9 “(ii) for which additional  
10 coverage under subsections (c)  
11 and (h) of section 508 of that  
12 Act (7 U.S.C. 1508) is not avail-  
13 able; and”;

14 (ii) in subparagraph (B)—

15 (I) by inserting “(except ferns)”  
16 after “floricultural”;

17 (II) by inserting “(except ferns)”  
18 after “ornamental nursery”; and

19 (III) by striking “(including or-  
20 namental fish)” and inserting “(in-  
21 cluding ornamental fish, but excluding  
22 tropical fish)”;

23 (2) in subsection (d), by striking “The Sec-  
24 retary” and inserting “Subject to subsection (l), the  
25 Secretary”;

1 (3) in subsection (k)(1)—

2 (A) in subparagraph (A), by striking  
3 “\$250” and inserting “\$260”; and

4 (B) in subparagraph (B)—

5 (i) by striking “\$750” and inserting  
6 “\$780”; and

7 (ii) by striking “\$1,875” and insert-  
8 ing “\$1,950”; and

9 (4) by adding at the end the following:

10 “(1) PAYMENT EQUIVALENT TO ADDITIONAL COV-  
11 ERAGE.—

12 “(1) IN GENERAL.—The Secretary shall make  
13 available to a producer eligible for noninsured assist-  
14 ance under this section a payment equivalent to an  
15 indemnity for additional coverage under subsections  
16 (c) and (h) of section 508 of the Federal Crop In-  
17 surance Act (7 U.S.C. 1508) that does not exceed  
18 65 percent, computed by multiplying—

19 “(A) the quantity that is less than 50 to  
20 65 percent of the established yield for the crop,  
21 as determined by the Secretary, specified in in-  
22 crements of 5 percent;

23 “(B) 100 percent of the average market  
24 price for the crop, as determined by the Sec-  
25 retary; and

1           “(C) a payment rate for the type of crop,  
2           as determined by the Secretary, that reflects—

3                   “(i) in the case of a crop that is pro-  
4                   duced with a significant and variable har-  
5                   vesting expense, the decreasing cost in-  
6                   curred in the production cycle for the crop  
7                   that is, as applicable—

8                           “(I) harvested;

9                           “(II) planted but not harvested;

10                           or

11                           “(III) prevented from being  
12                           planted because of drought, flood, or  
13                           other natural disaster, as determined  
14                           by the Secretary; or

15                   “(ii) in the case of a crop that is pro-  
16                   duced without a significant and variable  
17                   harvesting expense, such rate as shall be  
18                   determined by the Secretary.

19           “(2) PREMIUM.—To be eligible to receive a pay-  
20           ment under this subsection, a producer shall pay—

21                   “(A) the service fee required by subsection  
22                   (k); and

23                   “(B) a premium for the applicable crop  
24                   year that is equal to—

1 “(i) the product obtained by multi-  
2 plying—

3 “(I) the number of acres devoted  
4 to the eligible crop;

5 “(II) the yield, as determined by  
6 the Secretary under subsection (e);

7 “(III) the coverage level elected  
8 by the producer;

9 “(IV) the average market price,  
10 as determined by the Secretary; and

11 “(ii) 5.25-percent premium fee.

12 “(3) LIMITED RESOURCE, BEGINNING, AND SO-  
13 CIALY DISADVANTAGED FARMERS.—The additional  
14 coverage made available under this subsection shall  
15 be available to limited resource, beginning, and so-  
16 cially disadvantaged producers, as determined by the  
17 Secretary, in exchange for a premium that is 50 per-  
18 cent of the premium determined for a producer  
19 under paragraph (2).”.

20 (b) TERMINATION DATE.—

21 (1) IN GENERAL.—Effective October 1, 2017,  
22 subsection (a) and the amendments made by sub-  
23 section (a) (other than the amendments made by  
24 clauses (i)(I) and (ii) of subsection (a)(1)(B)) are re-  
25 pealed

1           (2) ADMINISTRATION.—Effective October 1,  
2           2017, section 196 of the Federal Agriculture Im-  
3           provement and Reform Act of 1996 (7 U.S.C. 7333)  
4           shall be applied and administered as if subsection  
5           (a) and the amendments made by subsection (a)  
6           (other than the amendments made by clauses (i)(I)  
7           and (ii) of subsection (a)(1)(B)) had not been en-  
8           acted.

9   **SEC. 12205. REGIONAL ECONOMIC AND INFRASTRUCTURE**  
10                           **DEVELOPMENT.**

11           Section 15751 of title 40, United States Code, is  
12   amended—

13           (1) in subsection (a), by striking “2012” and  
14           inserting “2017”; and

15           (2) in subsection (b)—

16                   (A) by striking “Not more than” and in-  
17                   serting the following:

18                   “(1) IN GENERAL.—Except as provided in para-  
19                   graph (2), not more than”; and

20                   (B) by adding at the end the following:

21                   “(2) LIMITED FUNDING.—In a case in which  
22                   less than \$10,000,000 is made available to a Com-  
23                   mission for a fiscal year under this section, para-  
24                   graph (1) shall not apply.”.

1 **SEC. 12206. CANADA GEESE REMOVAL.**

2 (a) IN GENERAL.—On a determination by the Ad-  
3 ministrator of the Federal Aviation Administration that  
4 the population of Canada geese residing on land under the  
5 jurisdiction of the National Park Service that is located  
6 within 5 miles of any commercial airport poses a risk to  
7 flight safety, the Secretary (acting through the Adminis-  
8 trator of the Animal and Plant Health Inspection Service),  
9 in consultation with the Secretary of the Interior and the  
10 Administrator of the Federal Aviation Administration,  
11 shall—

12 (1) by the first subsequent molting period for  
13 Canada geese that occurs after the date of enact-  
14 ment of this Act, publish a management plan that  
15 provides for the removal, by not later than 1 year  
16 after the date of publication, of all Canada geese re-  
17 siding on the applicable land; and

18 (2) as soon as practicable after the date of pub-  
19 lication of the management plan under paragraph  
20 (1), commence removal of Canada geese from the  
21 applicable land.

22 (b) JFK INTERNATIONAL AIRPORT.—Not later than  
23 June 1, 2012, the Secretary (acting through the Adminis-  
24 trator of the Animal and Plant Health Inspection Service)  
25 shall—

1           (1) issue a record of decision for the document  
2           entitled “Supplement to the Environmental Impact  
3           Statement Bird Hazard Reduction Program: John  
4           F. Kennedy International Airport”; and

5           (2) commence consultation with the Secretary  
6           of the Interior to complete the collection and re-  
7           moval of Canada geese from the applicable National  
8           Park Service land to ensure that the removal is com-  
9           pleted by not later than August 1, 2012.