

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO THE RULES COMMITTEE PRINT OF H.R. 3409
OFFERED BY MR. BOSWELL OF IOWA**

Strike section 1 and all that follows and insert the following:

1 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

2 (a) IN GENERAL.—This Act may be cited as the “Ag-
3 riculture Reform, Food, and Jobs Act of 2012”.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definition of Secretary.

TITLE I—COMMODITY PROGRAMS

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Sec. 1102. Repeal of counter-cyclical payments.

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

Sec. 1104. Definitions.

Sec. 1105. Agriculture risk coverage.

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

Sec. 1107. Period of effectiveness.

Sec. 1108. Adjusted gross income limitation for conservation programs.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

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Sec. 1203. Term of loans.

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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.

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Sec. 1210. Adjustments of loans.

Subtitle C—Sugar

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Sec. 1414. Basic production margin protection.

Sec. 1415. Supplemental production margin protection.

Sec. 1416. Effect of failure to pay administration fees or premiums.

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Sec. 1438. Audit requirements.

Sec. 1439. Study; report.

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Sec. 1472. Repeal of dairy export incentive program.

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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.

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Sec. 1481. Federal milk marketing orders.

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Sec. 1491. Effective date.

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Sec. 1501. Supplemental agricultural disaster assistance programs.

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- Sec. 1607. Personal liability of producers for deficiencies.
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- Sec. 2004. Duties of the Secretary.
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Sec. 2401. Regional Conservation Partnership Program.

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

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- Sec. 7116. Capacity building grants for NLGCA institutions.
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- Sec. 8001. Forest land enhancement program.
- Sec. 8002. Watershed forestry assistance program.
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- Sec. 8201. Rural revitalization technologies.
- Sec. 8202. Office of International Forestry.
- Sec. 8203. Insect infestations and related diseases.
- Sec. 8204. Stewardship end result contracting projects.
- Sec. 8205. Healthy forests reserve program.

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

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- 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.
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- Sec. 9010. Biomass Crop Assistance Program.
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- Sec. 11003. Permanent enterprise unit.
- Sec. 11004. Enterprise units for irrigated and nonirrigated crops.
- 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.
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- Sec. 11014. Implementation.
- Sec. 11015. Approval of costs for research and development.
- Sec. 11016. Whole farm risk management insurance.
- Sec. 11017. Study of food safety insurance.
- Sec. 11018. Crop insurance for livestock.
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- Sec. 11020. Poultry business disruption insurance policy.
- Sec. 11021. Crop insurance for organic crops.
- Sec. 11022. Research and development.
- Sec. 11023. Pilot programs.
- Sec. 11024. Index-based weather insurance pilot program.
- Sec. 11025. Enhancing producer self-help through farm financial benchmarking.
- Sec. 11026. Beginning farmer and rancher provisions.
- Sec. 11027. Agricultural management assistance, risk management education, and organic certification cost share assistance.
- Sec. 11028. Crop production on native sod.
- Sec. 11029. Technical amendments.
- Sec. 11030. Greater accessibility for crop insurance.
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- 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.

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- Sec. 12201. Military veterans agricultural liaison.
- Sec. 12202. Information gathering.
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- Sec. 12204. Noninsured crop assistance program.
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- Sec. 12206. Canada geese removal.

- Sec. 12207. Office of Tribal Relations.
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Sec. 12209. Sense of the Senate.
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Sec. 12212. Animal welfare.
Sec. 12213. Prohibition on attending an animal fight or causing a minor to attend an animal fight; enforcement of animal fighting provisions.
Sec. 12214. Prohibiting use of presidential election campaign funds for party conventions.
Sec. 12215. Reports on effects of defense and nondefense budget sequestration.

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.

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

2 (a) REPEAL.—Sections 1104 and 1304 of the Food,
3 Conservation, and Energy Act of 2008 (7 U.S.C. 8714,
4 8754) are repealed.

5 (b) CONTINUED APPLICATION FOR 2012 CROP
6 YEAR.—Sections 1104 and 1304 of the Food, Conserva-
7 tion, and Energy Act of 2008 (7 U.S.C. 8714, 8754), as
8 in effect on the day before the date of enactment of this
9 Act, shall continue to apply through the 2012 crop year
10 with respect to all covered commodities (as defined in sec-
11 tion 1001 of that Act (7 U.S.C. 8702)) and peanuts on
12 a farm.

13 **SEC. 1103. REPEAL OF AVERAGE CROP REVENUE ELECTION**
14 **PROGRAM.**

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

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

1 **SEC. 1104. DEFINITIONS.**

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

3 (1) **ACTUAL CROP REVENUE.**—The term “ac-
4 tual crop revenue”, with respect to a covered com-
5 modity for a crop year, means the amount deter-
6 mined by the Secretary under section 1105(c)(3).

7 (2) **AGRICULTURE RISK COVERAGE GUAR-**
8 **ANTEE.**—The term “agriculture risk coverage guar-
9 antee”, with respect to a covered commodity for a
10 crop year, means the amount determined by the Sec-
11 retary under section 1105(c)(4).

12 (3) **AGRICULTURE RISK COVERAGE PAYMENT.**—
13 The term “agriculture risk coverage payment”
14 means a payment under section 1105(c).

15 (4) **AVERAGE INDIVIDUAL YIELD.**—The term
16 “average individual yield” means the yield reported
17 by a producer for purposes of subtitle A of the Fed-
18 eral Crop Insurance Act (7 U.S.C. 1501 et seq.), to
19 the maximum extent practicable.

20 (5) **COUNTY COVERAGE.**—For the purposes of
21 agriculture risk coverage under section 1105, the
22 term “county coverage” means coverage determined
23 using the total quantity of all acreage in a county
24 of the covered commodity that is planted or pre-
25 vented from being planted for harvest by a producer

1 with the yield determined by the average county
2 yield described in subsection (c) of that section.

3 (6) COVERED COMMODITY.—

4 (A) IN GENERAL.—The term “covered
5 commodity” means wheat, corn, grain sorghum,
6 barley, oats, long grain rice, medium grain rice,
7 pulse crops, soybeans, other oilseeds, and pea-
8 nuts.

9 (B) POPCORN.—The Secretary—

10 (i) shall study the feasibility of includ-
11 ing popcorn as a covered commodity by
12 2014; and

13 (ii) if the Secretary determines it to
14 be feasible, shall designate popcorn as a
15 covered commodity.

16 (7) ELIGIBLE ACRES.—

17 (A) IN GENERAL.—Except as provided in
18 subparagraphs (B) through (D), the term “eli-
19 gible acres” means all acres planted or pre-
20 vented from being planted to all covered com-
21 modities on a farm in any crop year.

22 (B) MAXIMUM.—Except as provided in
23 (C), the total quantity of eligible acres on a
24 farm determined under subparagraph (A) shall
25 not exceed the average total acres planted or

1 prevented from being planted to covered com-
2 modities and upland cotton on the farm for the
3 2009 through 2012 crop years, as determined
4 by the Secretary.

5 (C) ADJUSTMENT.—The Secretary shall
6 provide for an adjustment, as appropriate, in
7 the eligible acres for covered commodities for a
8 farm if any of the following circumstances oc-
9 curs:

10 (i) If a conservation reserve contract
11 for a farm in a county entered into under
12 section 1231 of the Food Security Act of
13 1985 (16 U.S.C. 3831) expires or is volun-
14 tarily terminated or cropland is released
15 from coverage under a conservation reserve
16 contract, the Secretary shall provide for an
17 adjustment, as appropriate, in the eligible
18 acres for the farm to a total quantity that
19 is the higher of—

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

24 (II) the product obtained by mul-
25 tiplying—

1 (aa) the average proportion
2 that—

3 (AA) the total number
4 of acres planted to covered
5 commodities and upland cot-
6 ton in the county for crop
7 years 2009 through 2012;
8 bears to

9 (BB) the total number
10 of all acres of covered com-
11 modities, grassland, and up-
12 land cotton acres in the
13 county for the same crop
14 years; by

15 (bb) the total acres for
16 which coverage has expired, vol-
17 untarily terminated, or been re-
18 leased under the conservation re-
19 serve contract.

20 (ii) The producer has eligible oilseed
21 acreage as the result of the Secretary des-
22 ignating additional oilseeds, which shall be
23 determined in the same manner as eligible
24 oilseed acreage under section
25 1101(a)(1)(D) of the Food, Conservation,

1 and Energy Act of 2008 (7 U.S.C.
2 8711(a)(1)(D)).

3 (iii) The producer has any acreage not
4 cropped during the 2009 through 2012
5 crop years, but placed into an established
6 rotation practice for the purposes of en-
7 riching land or conserving moisture for
8 subsequent crop years, including summer
9 fallow, as determined by the Secretary.

10 (D) EXCLUSION.—The term “eligible
11 acres” does not include any crop subsequently
12 planted during the same crop year on the same
13 land for which the first crop is eligible for pay-
14 ments under this subtitle, unless the crop was
15 planted in an area approved for double crop-
16 ping, as determined by the Secretary.

17 (8) EXTRA LONG STAPLE COTTON.—The term
18 “extra long staple cotton” means cotton that—

19 (A) is produced from pure strain varieties
20 of the Barbados species or any hybrid of the
21 species, or other similar types of extra long sta-
22 ple cotton, designated by the Secretary, having
23 characteristics needed for various end uses for
24 which United States upland cotton is not suit-
25 able and grown in irrigated cotton-growing re-

1 gions of the United States designated by the
2 Secretary or other areas designated by the Sec-
3 retary as suitable for the production of the vari-
4 eties or types; and

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

8 (9) INDIVIDUAL COVERAGE.—For purposes of
9 agriculture risk coverage under section 1105, the
10 term “individual coverage” means coverage deter-
11 mined using the total quantity of all acreage in a
12 county of the covered commodity that is planted or
13 prevented from being planted for harvest by a pro-
14 ducer with the yield determined by the average indi-
15 vidual yield of the producer described in subsection
16 (c) of that section.

17 (10) MEDIUM GRAIN RICE.—The term “medium
18 grain rice” includes short grain rice.

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

24 (12) OTHER OILSEED.—The term “other oil-
25 seed” means a crop of sunflower seed, rapeseed,

1 canola, safflower, flaxseed, mustard seed, crambe,
2 sesame seed, or any oilseed designated by the Sec-
3 retary.

4 (13) PRODUCER.—

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

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

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

16 (ii) ensure that program requirements
17 do not adversely affect the ability of the
18 grower to receive a payment under this
19 title.

20 (14) PULSE CROP.—The term “pulse crop”
21 means dry peas, lentils, small chickpeas, and large
22 chickpeas.

23 (15) STATE.—The term “State” means—

24 (A) a State;

25 (B) the District of Columbia;

1 (C) the Commonwealth of Puerto Rico;
2 and

3 (D) any other territory or possession of the
4 United States.

5 (16) TRANSITIONAL YIELD.—The term “transi-
6 tional yield” has the meaning given the term in sec-
7 tion 502(b) of the Federal Crop Insurance Act (7
8 U.S.C. 1502(b)).

9 (17) UNITED STATES.—The term “United
10 States”, when used in a geographical sense, means
11 all of the States.

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

20 **SEC. 1105. AGRICULTURE RISK COVERAGE.**

21 (a) PAYMENTS REQUIRED.—If the Secretary deter-
22 mines that payments are required under subsection (c),
23 the Secretary shall make payments for each covered com-
24 modity available to producers in accordance with this sec-
25 tion.

1 (b) COVERAGE ELECTION.—

2 (1) IN GENERAL.—For the period of crop years
3 2013 through 2017, the producers shall make a 1-
4 time, irrevocable election to receive—

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

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

10 (2) EFFECT OF ELECTION.—The election made
11 under paragraph (1) shall be binding on the pro-
12 ducers making the election, regardless of covered
13 commodities planted, and applicable to all acres
14 under the operational control of the producers, in a
15 manner that—

16 (A) acres brought under the operational
17 control of the producers after the election are
18 included; and

19 (B) acres no longer under the operational
20 control of the producers after the election are
21 no longer subject to the election of the pro-
22 ducers but become subject to the election of the
23 subsequent producers.

24 (3) DUTIES OF THE SECRETARY.—The Sec-
25 retary shall ensure that producers are precluded

1 from taking any action, including reconstitution,
2 transfer, or other similar action, that would have the
3 effect of altering or reversing the election made
4 under paragraph (1).

5 (c) AGRICULTURE RISK COVERAGE.—

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

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

12 (B) the agriculture risk coverage guarantee
13 for the crop year for the covered commodity.

14 (2) TIME FOR PAYMENTS.—If the Secretary de-
15 termines under this subsection that agriculture risk
16 coverage payments are required to be made for the
17 covered commodity, the agriculture risk coverage
18 payments shall be made as soon as practicable there-
19 after.

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

24 (A)(i) in the case of individual coverage,
25 the actual average individual yield for the cov-

1 ered commodity, as determined by the Sec-
2 retary; or

3 (ii) in the case of county coverage, the ac-
4 tual average yield for the county for the covered
5 commodity, as determined by the Secretary;
6 and

7 (B) the higher of—

8 (i) the midseason price; or

9 (ii) if applicable, the national mar-
10 keting assistance loan rate for the covered
11 commodity under subtitle B.

12 (4) AGRICULTURE RISK COVERAGE GUAR-
13 ANTEE.—

14 (A) IN GENERAL.—The agriculture risk
15 coverage guarantee for a crop year for a cov-
16 ered commodity shall equal 89 percent of the
17 benchmark revenue.

18 (B) BENCHMARK REVENUE.—

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

22 (I)(aa) in the case of individual
23 coverage, subject to clause (ii), the av-
24 erage individual yield, as determined
25 by the Secretary, for the most recent

1 5 crop years, excluding each of the
2 crop years with the highest and lowest
3 yields; or

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

10 (II) subject to clause (iii), the av-
11 erage national marketing year average
12 price for the most recent 5 crop years,
13 excluding each of the crop years with
14 the highest and lowest prices.

15 (ii) USE OF TRANSITIONAL YIELDS.—
16 If the yield determined under clause
17 (i)(I)(aa)—

18 (I) for the 2012 crop year or any
19 prior crop year, is less than 60 per-
20 cent of the applicable transitional
21 yield, the Secretary shall use 60 per-
22 cent of the applicable transitional
23 yield for that crop year; and

24 (II) for the 2013 crop year and
25 any subsequent crop year, is less than

1 70 percent of the applicable transi-
2 tional yield, the Secretary shall use 70
3 percent of the applicable transitional
4 yield for that crop year.

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

12 (I) For long grain rice, \$13.00
13 per hundredweight.

14 (II) For medium grain rice,
15 \$13.00 per hundredweight.

16 (III) For peanuts, \$530.00 per
17 ton.

18 (5) PAYMENT RATE.—The payment rate for
19 each covered commodity shall be equal to the lesser
20 of—

21 (A) the amount that—

22 (i) the agriculture risk coverage guar-
23 antee for the covered commodity; exceeds

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

1 (B) 10 percent of the benchmark revenue
2 for the crop year of the covered commodity.

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

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

11 and

12 (B)(i) in the case of individual coverage
13 the sum of—

14 (I) 65 percent of the planted eligible
15 acres of the covered commodity; and

16 (II) 45 percent of the eligible acres
17 that were prevented from being planted to
18 the covered commodity; or

19 (ii) in the case of county coverage—

20 (I) 80 percent of the planted eligible
21 acres of the covered commodity; and

22 (II) 45 percent of the eligible acres
23 that were prevented from being planted to
24 the covered commodity.

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

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

8 (B) to the maximum extent practicable,
9 calculate a separate actual crop revenue and ag-
10 riculture risk coverage guarantee for irrigated
11 and nonirrigated covered commodities;

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

14 (i) sunflower seeds;

15 (ii) barley, using malting barley val-
16 ues; and

17 (iii) wheat; and

18 (D) assign a yield for each acre planted or
19 prevented from being planted for the crop year
20 for the covered commodity on the basis of the
21 yield history of representative farms in the
22 State, region, or crop reporting district, as de-
23 termined by the Secretary, if the Secretary can-
24 not establish the yield as determined under
25 paragraph (3)(A)(ii) or (4)(B)(i) or if the yield

1 determined under paragraph (3)(A)(ii) or (4) is
2 an unrepresentative average yield for the cov-
3 ered commodity as determined by the Secretary.

4 **SEC. 1106. PRODUCER AGREEMENT REQUIRED AS CONDI-**
5 **TION OF PROVISION OF PAYMENTS.**

6 (a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

7 (1) REQUIREMENTS.—Before the producers on
8 a farm may receive agriculture risk coverage pay-
9 ments, the producers shall agree, during the crop
10 year for which the payments are made and in ex-
11 change for the payments—

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

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

19 (C) to use the land on the farm for an ag-
20 ricultural or conserving use in a quantity equal
21 to the attributable eligible acres of the farm,
22 and not for a nonagricultural commercial, in-
23 dustrial, or residential use, as determined by
24 the Secretary; and

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

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

12 (3) MODIFICATION.—At the request of the
13 transferee or owner, the Secretary may modify the
14 requirements of this subsection if the modifications
15 are consistent with the objectives of this subsection,
16 as determined by the Secretary.

17 (b) TRANSFER OR CHANGE OF INTEREST IN
18 FARM.—

19 (1) TERMINATION.—

20 (A) IN GENERAL.—Except as provided in
21 paragraph (2), a transfer of (or change in) the
22 interest of the producers on a farm for which
23 agriculture risk coverage payments are made
24 shall result in the termination of the agriculture
25 risk coverage payments, unless the transferee or

1 owner of the acreage agrees to assume all obli-
2 gations under subsection (a).

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

6 (2) EXCEPTION.—If a producer entitled to an
7 agriculture risk coverage payment dies, becomes in-
8 competent, or is otherwise unable to receive the pay-
9 ment, the Secretary shall make the payment, in ac-
10 cordance with rules issued by the Secretary.

11 (c) REPORTS.—

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

17 (2) PRODUCTION REPORTS.—As a condition on
18 the receipt of any benefits under section 1105, the
19 Secretary shall require producers on a farm to sub-
20 mit to the Secretary annual production reports with
21 respect to all covered commodities produced on the
22 farm.

23 (3) PENALTIES.—No penalty with respect to
24 benefits under this subtitle or subtitle B shall be as-
25 sessed against the producers on a farm for an inac-

1 curate acreage or production report unless the pro-
2 ducers on the farm knowingly and willfully falsified
3 the acreage or production report.

4 (4) DATA REPORTING.—To the maximum ex-
5 tent practicable, the Secretary shall use data re-
6 ported by the producer pursuant to requirements
7 under the Federal Crop Insurance Act (7 U.S.C.
8 1501 et seq.) to meet the obligations described in
9 paragraphs (1) and (2), without additional submis-
10 sions to the Department.

11 (d) TENANTS AND SHARECROPPERS.—In carrying
12 out this subtitle, the Secretary shall provide adequate safe-
13 guards to protect the interests of tenants and share-
14 croppers.

15 **SEC. 1107. PERIOD OF EFFECTIVENESS.**

16 Sections 1104 through 1106 shall be effective begin-
17 ning with the 2013 crop year of each covered commodity
18 through the 2017 crop year.

19 **SEC. 1108. ADJUSTED GROSS INCOME LIMITATION FOR**
20 **CONSERVATION PROGRAMS.**

21 Section 1001D(b)(2)(A) of the Food Security Act of
22 1985 (7 U.S.C. 1308–3a(b)(2)(A)) is amended—

23 (1) by striking “LIMITS.—” and all that follows
24 through “clause (ii),” and inserting “LIMITS.—Not-
25 withstanding any other provision of law,”; and

1 (2) by striking clause (ii).

2 **Subtitle B—Marketing Assistance**
3 **Loans and Loan Deficiency Pay-**
4 **ments**

5 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**
6 **ASSISTANCE LOANS FOR LOAN COMMOD-**
7 **ITIES.**

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

15 (b) NONRECOURSE LOANS AVAILABLE.—

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

21 (2) TERMS AND CONDITIONS.—The marketing
22 assistance loans shall be made under terms and con-
23 ditions that are prescribed by the Secretary and at
24 the loan rate established under section 1202 for the
25 loan commodity.

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

5 (d) COMPLIANCE WITH CONSERVATION AND WET-
6 LANDS REQUIREMENTS.—

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

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

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

20 (C) to use the land on the farm for an ag-
21 ricultural or conserving use in a quantity equal
22 to the attributable eligible acres of the farm,
23 and not for a nonagricultural commercial, in-
24 dustrial, or residential use, as determined by
25 the Secretary; and

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

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

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

16 (e) SPECIAL RULES FOR PEANUTS.—

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

19 (2) OPTIONS FOR OBTAINING LOAN.—A mar-
20 keting assistance loan under this section, and loan
21 deficiency payments under section 1205, may be ob-
22 tained at the option of the producers on a farm
23 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) 1³/₃₂-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) SUGAR IMPORT QUOTA ADJUSTMENT
8 DATE.—Section 359k(b) of the Agricultural Adjust-
9 ment Act of 1938 (7 U.S.C. 1359kk(b)) is amend-
10 ed—

11 (A) by striking “APRIL 1” each place it ap-
12 pears and inserting “FEBRUARY 1”; and

13 (B) by striking “April 1” each place it ap-
14 pears and inserting “February 1”.

15 (3) EFFECTIVE PERIOD.—Section 359l(a) of
16 the Agricultural Adjustment Act of 1938 (7 U.S.C.
17 1359ll(a)) is amended by striking “2012” and in-
18 serting “2017”.

19 **Subtitle D—Dairy**

20 **PART I—DAIRY PRODUCTION MARGIN PROTEC-** 21 **TION AND DAIRY MARKET STABILIZATION** 22 **PROGRAMS**

23 **SEC. 1401. DEFINITIONS.**

24 In this part:

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

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

10 (3) ANNUAL PRODUCTION HISTORY.—The term
11 “annual production history” means the production
12 history determined for a participating dairy oper-
13 ation under section 1413(b) whenever the partici-
14 pating dairy operation purchases supplemental pro-
15 duction margin protection.

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

21 (A) The product determined by multiplying
22 1.0728 by the price of corn per bushel.

23 (B) The product determined by multiplying
24 0.00735 by the price of soybean meal per ton.

1 (C) The product determined by multiplying
2 0.0137 by the price of alfalfa hay per ton.

3 (5) BASIC PRODUCTION HISTORY.—The term
4 “basic production history” means the production
5 history determined for a participating dairy oper-
6 ation under section 1413(a) for provision of basic
7 production margin protection.

8 (6) CONSECUTIVE 2-MONTH PERIOD.—The term
9 “consecutive 2-month period” refers to the 2-month
10 period consisting of the months of January and Feb-
11 ruary, March and April, May and June, July and
12 August, September and October, or November and
13 December, respectively.

14 (7) DAIRY OPERATION.—

15 (A) IN GENERAL.—The term “dairy oper-
16 ation” means, as determined by the Secretary,
17 1 or more dairy producers that produce and
18 market milk as a single dairy operation in
19 which each dairy producer—

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

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

1 (iii) contributes land, labor, manage-
2 ment, equipment, or capital to the dairy
3 operation.

4 (B) ADDITIONAL OWNERSHIP STRUC-
5 TURES.—The Secretary shall determine addi-
6 tional ownership structures to be covered by the
7 definition of dairy operation.

8 (8) HANDLER.—

9 (A) IN GENERAL.—The term “handler”
10 means the initial individual or entity making
11 payment to a dairy operation for milk produced
12 in the United States and marketed for commer-
13 cial use.

14 (B) PRODUCER-HANDLER.—The term in-
15 cludes a “producer-handler” when the producer
16 satisfies the definition in subparagraph (A).

17 (9) PARTICIPATING DAIRY OPERATION.—The
18 term “participating dairy operation” means a dairy
19 operation that—

20 (A) signs up under section 1412 to partici-
21 pate in the production margin protection pro-
22 gram under subpart A; and

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

1 (10) PRODUCTION MARGIN PROTECTION PRO-
2 GRAM.—The term “production margin protection
3 program” means the dairy production margin pro-
4 tection program required by subpart A.

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

7 (12) STABILIZATION PROGRAM.—The term
8 “stabilization program” means the dairy market sta-
9 bilization program required by subpart B for all par-
10 ticipating dairy operations.

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

16 (14) UNITED STATES.—The term “United
17 States”, in a geographical sense, means the 50
18 States, the District of Columbia, American Samoa,
19 Guam, the Commonwealth of the Northern Mariana
20 Islands, the Commonwealth of Puerto Rico, the Vir-
21 gin Islands of the United States, and any other ter-
22 ritory or possession of the United States.

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

3 (a) **CALCULATION OF AVERAGE FEED COST.**—The
4 Secretary shall calculate the national average feed cost for
5 each month using the following data:

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

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

14 (3) The price of alfalfa hay for a month shall
15 be the price received during that month by farmers
16 in the United States for alfalfa hay, as reported in
17 the monthly Agricultural Prices report by the Sec-
18 retary.

19 (b) **CALCULATION OF ACTUAL DAIRY PRODUCTION**
20 **MARGINS.**—

21 (1) **PRODUCTION MARGIN PROTECTION PRO-**
22 **GRAM.**—For use in the production margin protection
23 program under subpart A, the Secretary shall cal-
24 culate the actual dairy production margin for each
25 consecutive 2-month period by subtracting—

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

4 (B) the all-milk price for that consecutive
5 2-month period.

6 (2) STABILIZATION PROGRAM.—For use in the
7 stabilization program under subpart B, the Sec-
8 retary shall calculate each month the actual dairy
9 production margin for the preceding month by sub-
10 tracting—

11 (A) the average feed cost for that pre-
12 ceding month, determined in accordance with
13 subsection (a); from

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

16 (3) TIME FOR CALCULATIONS.—The calcula-
17 tions required by paragraphs (1) and (2) shall be
18 made as soon as practicable using the full month
19 price of the applicable reference month.

20 **Subpart A—Dairy Production Margin Protection**
21 **Program**

22 **SEC. 1411. ESTABLISHMENT OF DAIRY PRODUCTION MAR-**
23 **GIN PROTECTION PROGRAM.**

24 Effective not later than 120 days after the effective
25 date of this subtitle, the Secretary shall establish and ad-

1 minister a dairy production margin protection program
2 under which participating dairy operations are paid—

3 (1) basic production margin protection program
4 payments under section 1414 when actual dairy pro-
5 duction margins are less than the threshold levels
6 for such payments; and

7 (2) supplemental production margin protection
8 program payments under section 1415 if purchased
9 by a participating dairy operation.

10 **SEC. 1412. PARTICIPATION OF DAIRY OPERATIONS IN PRO-**
11 **DUCTION MARGIN PROTECTION PROGRAM.**

12 (a) **ELIGIBILITY.**—All dairy operations in the United
13 States shall be eligible to participate in the production
14 margin protection program, except that a participating
15 dairy operation shall be required to register with the Sec-
16 retary before the participating dairy operation may re-
17 ceive—

18 (1) basic production margin protection program
19 payments under section 1414; and

20 (2) if the participating dairy operation pur-
21 chases supplemental production margin protection
22 under section 1415, supplemental production margin
23 protection program payments under such section.

24 (b) **REGISTRATION PROCESS.**—

1 (1) IN GENERAL.—The Secretary shall specify
2 the manner and form by which a participating dairy
3 operation may register to participate in the produc-
4 tion margin protection program.

5 (2) TREATMENT OF MULTIPRODUCER DAIRY
6 OPERATIONS.—If a participating dairy operation is
7 operated by more than 1 dairy producer, all of the
8 dairy producers of the participating dairy operation
9 shall be treated as a single dairy operation for pur-
10 poses of—

11 (A) registration to receive basic production
12 margin protection and election to purchase sup-
13 plemental production margin protection;

14 (B) payment of the participation fee under
15 subsection (d) and producer premiums under
16 section 1415; and

17 (C) participation in the stabilization pro-
18 gram under subtitle B.

19 (3) TREATMENT OF PRODUCERS WITH MUL-
20 TIPLE DAIRY OPERATIONS.—If a dairy producer op-
21 erates 2 or more dairy operations, each dairy oper-
22 ation of the producer shall separately register to re-
23 ceive basic production margin protection and pur-
24 chase supplemental production margin protection

1 and only those dairy operations so registered shall
2 be covered by the stabilization program.

3 (c) TIME FOR REGISTRATION.—

4 (1) EXISTING DAIRY OPERATIONS.—During the
5 15-month period beginning on the date of the initi-
6 ation of the registration period for the production
7 margin protection program, a dairy operation that is
8 actively engaged as of such date may register with
9 the Secretary—

10 (A) to receive basic production margin pro-
11 tection; and

12 (B) if the dairy operation elects, to pur-
13 chase supplemental production margin protec-
14 tion.

15 (2) NEW ENTRANTS.—A dairy producer that
16 has no existing interest in a dairy operation as of
17 the date of the initiation of the registration period
18 for the production margin protection program, but
19 that, after such date, establishes a new dairy oper-
20 ation, may register with the Secretary during the 1-
21 year period beginning on the date on which the dairy
22 operation first markets milk commercially—

23 (A) to receive basic production margin pro-
24 tection; and

1 (B) if the dairy operation elects, to pur-
2 chase supplemental production margin protec-
3 tion.

4 (d) TRANSITION FROM MILC TO PRODUCTION MAR-
5 GIN PROTECTION.—

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

13 (2) NOTICE OF AVAILABILITY.—Not later than
14 30 days after the date of enactment of this Act, the
15 Secretary shall publish a notice in the Federal Reg-
16 ister to inform dairy operations of the availability of
17 basic production margin protection and supple-
18 mental production margin protection, including the
19 terms of the protection and information about the
20 option of dairy operations during the transition pe-
21 riod to make an election described in paragraph (3).

22 (3) ELECTION.—Except as provided in para-
23 graph (4), a dairy operation may elect to participate
24 in either the milk income loss program established
25 under section 1506 of the Food, Conservation, and

1 Energy Act of 2008 (7 U.S.C. 8773) or the produc-
2 tion margin protection program under this subtitle
3 for the duration of the transition period.

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

12 (e) ADMINISTRATION FEE.—

13 (1) ADMINISTRATION FEE REQUIRED.—Except
14 as provided in paragraph (5), a participating dairy
15 operation shall—

16 (A) pay an administration fee under this
17 subsection to register to participate in the pro-
18 duction margin protection program; and

19 (B) pay the administration fee annually
20 thereafter to continue to participate in the pro-
21 duction margin protection program.

22 (2) FEE AMOUNT.—The administration fee for
23 a participating dairy operation for a calendar year
24 shall be based on the pounds of milk (in millions)

1 marketed by the participating dairy operation in the
2 previous calendar 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

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

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

13 (A) to cover administrative costs of the
14 production margin protection program and sta-
15 bilization program; and

16 (B) to cover costs of the Department of
17 Agriculture relating to reporting of dairy mar-
18 ket news, carrying out the amendments made
19 by section 1476, and carrying out section 273
20 of the Agricultural Marketing Act of 1946 (7

1 U.S.C. 1637b)), to the extent funds remain
2 available after operation of subparagraph (A).

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

7 (f) LIMITATION.—A dairy operation may only partici-
8 pate in the production margin protection program or the
9 livestock gross margin for dairy program under the Fed-
10 eral Crop Insurance Act (7 U.S.C. 1501 et seq.), but not
11 both.

12 **SEC. 1413. PRODUCTION HISTORY OF PARTICIPATING**
13 **DAIRY OPERATIONS.**

14 (a) PRODUCTION HISTORY FOR BASIC PRODUCTION
15 MARGIN PROTECTION.—

16 (1) DETERMINATION REQUIRED.—For purposes
17 of providing basic production margin protection, the
18 Secretary shall determine the basic production his-
19 tory of a participating dairy operation.

20 (2) CALCULATION.—Except as provided in
21 paragraph (3), the basic production history of a par-
22 ticipating dairy operation for basic production mar-
23 gin protection is equal to the highest annual milk
24 marketings of the participating dairy operation dur-
25 ing any 1 of the 3 calendar years immediately pre-

1 ceding the calendar year in which the participating
2 dairy operation first signed up to participate in the
3 production margin protection program.

4 (3) ELECTION BY NEW DAIRY OPERATIONS.—In
5 the case of a participating dairy operation that has
6 been in operation for less than a year, the partici-
7 pating dairy operation shall elect 1 of the following
8 methods for the Secretary to determine the basic
9 production history of the participating dairy oper-
10 ation:

11 (A) The volume of the actual milk mar-
12 ketings for the months the participating dairy
13 operation has been in operation extrapolated to
14 a yearly amount.

15 (B) An estimate of the actual milk mar-
16 ketings of the participating dairy operation
17 based on the herd size of the participating dairy
18 operation relative to the national rolling herd
19 average data published by the Secretary.

20 (4) NO CHANGE IN PRODUCTION HISTORY FOR
21 BASIC PRODUCTION MARGIN PROTECTION.—Once
22 the basic production history of a participating dairy
23 operation is determined under paragraph (2) or (3),
24 the basic production history shall not be subse-
25 quently changed for purposes of determining the

1 amount of any basic production margin protection
2 payments for the participating dairy operation made
3 under section 1414.

4 (b) ANNUAL PRODUCTION HISTORY FOR SUPPLE-
5 MENTAL PRODUCTION MARGIN PROTECTION.—

6 (1) DETERMINATION REQUIRED.—For purposes
7 of providing supplemental production margin protec-
8 tion for a participating dairy operation that pur-
9 chases supplemental production margin protection
10 for a year under section 1415, the Secretary shall
11 determine the annual production history of the par-
12 ticipating dairy operation under paragraph (2).

13 (2) CALCULATION.—The annual production his-
14 tory of a participating dairy operation for a year is
15 equal to the actual milk marketings of the partici-
16 pating dairy operation during the preceding calendar
17 year.

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

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

1 (1) the basic production history of the partici-
2 pating dairy operation under subsection (a); and

3 (2) the production history of the participating
4 dairy operation whenever the participating dairy op-
5 eration purchases supplemental production margin
6 protection under section 1415.

7 (d) TRANSFER OF PRODUCTION HISTORIES.—

8 (1) TRANSFER BY SALE OR LEASE.—In promul-
9 gating the rules to initiate the production margin
10 protection program, the Secretary shall specify the
11 conditions under which and the manner by which the
12 production history of a participating dairy operation
13 may be transferred by sale or lease.

14 (2) COVERAGE LEVEL.—

15 (A) BASIC PRODUCTION MARGIN PROTEC-
16 TION.—A purchaser or lessee to whom the Sec-
17 retary transfers a basic production history
18 under this subsection shall not obtain a dif-
19 ferent level of basic production margin protec-
20 tion than the basic production margin protec-
21 tion coverage held by the seller or lessor from
22 whom the transfer was obtained.

23 (B) SUPPLEMENTAL PRODUCTION MARGIN
24 PROTECTION.—A purchaser or lessee to whom
25 the Secretary transfers an annual production

1 history under this subsection shall not obtain a
2 different level of supplemental production mar-
3 gin protection coverage than the supplemental
4 production margin protection coverage in effect
5 for the seller or lessor from whom the transfer
6 was obtained for the calendar year in which the
7 transfer was made.

8 (e) MOVEMENT AND TRANSFER OF PRODUCTION
9 HISTORY.—

10 (1) MOVEMENT AND TRANSFER AUTHOR-
11 IZED.—Subject to paragraph (2), if a participating
12 dairy operation moves from 1 location to another lo-
13 cation, the participating dairy operation may trans-
14 fer the basic production history and annual produc-
15 tion history associated with the participating dairy
16 operation.

17 (2) NOTIFICATION REQUIREMENT.—A partici-
18 pating dairy operation shall notify the Secretary of
19 any move of a participating dairy operation under
20 paragraph (1).

21 (3) SUBSEQUENT OCCUPATION OF VACATED LO-
22 CATION.—A party subsequently occupying a partici-
23 pating dairy operation location vacated as described
24 in paragraph (1) shall have no interest in the basic
25 production history or annual production history pre-

1 viously associated with the participating dairy oper-
2 ation at such location.

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

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

9 (b) **BASIC PRODUCTION MARGIN PROTECTION PAY-**
10 **MENT.**—The basic production margin protection payment
11 for a participating dairy operation for a consecutive 2-
12 month period shall be equal to the product obtained by
13 multiplying—

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

18 (2) the lesser of—

19 (A) 80 percent of the production history of
20 the participating dairy operation, divided by 6;
21 or

22 (B) the actual quantity of milk marketed
23 by the participating dairy operation during the
24 consecutive 2-month period.

1 **SEC. 1415. SUPPLEMENTAL PRODUCTION MARGIN PROTEC-**
2 **TION.**

3 (a) ELECTION OF SUPPLEMENTAL PRODUCTION
4 MARGIN PROTECTION.—A participating dairy operation
5 may annually purchase supplemental production margin
6 protection to protect, during the calendar year for which
7 purchased, a higher level of the income of a participating
8 dairy operation than the income level guaranteed by basic
9 production margin protection under section 1414.

10 (b) SELECTION OF PAYMENT THRESHOLD.—A par-
11 ticipating dairy operation purchasing supplemental pro-
12 duction margin protection for a year shall elect a coverage
13 level that is higher, in any increment of \$0.50, than the
14 payment threshold for basic production margin protection
15 specified in section 1414(a), but not to exceed \$8.00.

16 (c) COVERAGE PERCENTAGE.—A participating dairy
17 operation purchasing supplemental production margin
18 protection for a year shall elect a percentage of coverage
19 equal to not more than 90 percent, nor less than 25 per-
20 cent, of the annual production history of the participating
21 dairy operation.

22 (d) PREMIUMS FOR SUPPLEMENTAL PRODUCTION
23 MARGIN PROTECTION.—

24 (1) PREMIUMS REQUIRED.—A participating
25 dairy operation that purchases supplemental produc-

1 tion margin protection shall pay an annual premium
2 equal to the product obtained by multiplying—

3 (A) the coverage percentage elected by the
4 participating dairy operation under subsection
5 (c);

6 (B) the annual production history of the
7 participating dairy operation; and

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

11 (2) PREMIUM PER HUNDREDWEIGHT FOR FIRST
12 4 MILLION POUNDS OF PRODUCTION.—For the first
13 4,000,000 pounds of milk marketings included in
14 the annual production history of a participating
15 dairy operation, the premium per hundredweight
16 corresponding to each coverage level specified in the
17 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

18 (3) PREMIUM PER HUNDREDWEIGHT FOR PRO-
19 Duction IN EXCESS OF 4 MILLION POUNDS.—For
20 milk marketings in excess of 4,000,000 pounds in-

1 cluded in the annual production history of a partici-
 2 pating dairy operation, the premium per hundred-
 3 weight corresponding to each coverage level is as fol-
 4 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

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

14 (e) PREMIUM OBLIGATIONS.—

15 (1) PRO-RATION OF PREMIUM FOR NEW DAIRY
 16 OPERATIONS.—A participating dairy operation de-
 17 scribed in section 1412(e)(2) that purchases supple-
 18 mental production margin protection for a calendar
 19 year after the start of the calendar year shall pay
 20 a pro-rated premium for that calendar year based on

1 the portion of the calendar year for which the par-
2 ticipating dairy operation purchases the coverage.

3 (2) LEGAL OBLIGATION.—A participating dairy
4 operation that purchases supplemental production
5 margin protection for a calendar year shall be legally
6 obligated to pay the applicable premium for that cal-
7 endar year, except that the Secretary may waive
8 that obligation, under terms and conditions deter-
9 mined by the Secretary, for 1 or more producers in
10 any participating dairy operation in the case of
11 death, retirement, permanent dissolution of a par-
12 ticipating dairy operation, or other circumstances as
13 the Secretary considers appropriate to ensure the in-
14 tegrity of the program.

15 (f) SUPPLEMENTAL PAYMENT THRESHOLD.—A par-
16 ticipating dairy operation with supplemental production
17 margin protection shall receive a supplemental production
18 margin protection payment whenever the average actual
19 dairy production margin for a consecutive 2-month period
20 is less than the coverage level threshold selected by the
21 participating dairy operation under subsection (b).

22 (g) SUPPLEMENTAL PRODUCTION MARGIN PROTEC-
23 TION PAYMENTS.—

24 (1) IN GENERAL.—The supplemental produc-
25 tion margin protection payment for a participating

1 dairy operation is in addition to the basic production
2 margin protection payment.

3 (2) AMOUNT OF PAYMENT.—The supplemental
4 production margin protection payment for the par-
5 ticipating dairy operation shall be determined as fol-
6 lows:

7 (A) The Secretary shall calculate the dif-
8 ference between the coverage level threshold se-
9 lected by the participating dairy operation
10 under subsection (b) and the greater of—

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

13 or

14 (ii) \$4.00.

15 (B) The amount determined under sub-
16 paragraph (A) shall be multiplied by the per-
17 centage selected by the participating dairy oper-
18 ation under subsection (c) and by the lesser of
19 the following:

20 (i) The annual production history of
21 the participating dairy operation, divided
22 by 6.

23 (ii) The actual amount of milk mar-
24 keted by the participating dairy operation
25 during the consecutive 2-month period.

1 **SEC. 1416. EFFECT OF FAILURE TO PAY ADMINISTRATION**
2 **FEEES OR PREMIUMS.**

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

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

10 (2) may not receive basic production margin
11 protection payments or supplemental production
12 margin protection payments until the fees or pre-
13 miums are fully paid.

14 (b) ENFORCEMENT.—The Secretary may take such
15 action as necessary to collect administration fees and pre-
16 mium payments for supplemental production margin pro-
17 tection.

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

19 **SEC. 1431. ESTABLISHMENT OF DAIRY MARKET STABILIZA-**
20 **TION PROGRAM.**

21 (a) PROGRAM REQUIRED; PURPOSE.—Effective not
22 later than 120 days after the effective date of this subtitle,
23 the Secretary shall establish and administer a dairy mar-
24 ket stabilization program applicable to participating dairy
25 operations for the purpose of assisting in balancing the

1 supply of milk with demand when participating dairy oper-
2 ations are experiencing low or negative operating margins.

3 (b) ELECTION OF STABILIZATION PROGRAM BASE
4 CALCULATION METHOD.—

5 (1) ELECTION.—When a dairy operation signs
6 up under section 1412 to participate in the produc-
7 tion margin protection program, the dairy operation
8 shall inform the Secretary of the method by which
9 the stabilization program base for the participating
10 dairy operation will be calculated under paragraph
11 (3).

12 (2) CHANGE IN CALCULATION METHOD.—A
13 participating dairy operation may change the sta-
14 bilization program base calculation method to be
15 used for a calendar year by notifying the Secretary
16 of the change not later than a date determined by
17 the Secretary.

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

22 (A) The volume of the average monthly
23 milk marketings of the participating dairy oper-
24 ation for the 3 months immediately preceding

1 the announcement by the Secretary that the
2 stabilization program will become effective.

3 (B) The volume of the monthly milk mar-
4 ketings of the participating dairy operation for
5 the same month in the preceding year as the
6 month for which the Secretary has announced
7 the stabilization program will become effective.

8 **SEC. 1432. THRESHOLD FOR IMPLEMENTATION AND RE-**
9 **DUCTION IN DAIRY PAYMENTS.**

10 (a) WHEN STABILIZATION PROGRAM REQUIRED.—
11 Except as provided in subsection (b), the Secretary shall
12 announce that the stabilization program is in effect and
13 order reduced payments by handlers to participating dairy
14 operations that exceed the applicable percentage of the
15 participating dairy operation's stabilization program base
16 whenever—

17 (1) the actual dairy production margin has been
18 \$6.00 or less per hundredweight of milk for each of
19 the immediately preceding 2 months; or

20 (2) the actual dairy production margin has been
21 \$4.00 or less per hundredweight of milk for the im-
22 mediately preceding month.

23 (b) EXCEPTION.—If any of the conditions described
24 in section 1436(b) have been met during the 2-month pe-
25 riod immediately preceding the month in which the an-

1 nouncement under subsection (a) would otherwise be made
2 by the Secretary in the absence of this exception, the Sec-
3 retary shall—

4 (1) suspend the stabilization program;

5 (2) refrain from making the announcement
6 under subsection (a) to implement order the sta-
7 bilization payment; or

8 (3) order reduced payments.

9 (c) EFFECTIVE DATE FOR IMPLEMENTATION OF
10 PAYMENT REDUCTIONS.—Reductions in dairy payments
11 shall commence beginning on the first day of the month
12 immediately following the date of the announcement by
13 the Secretary under subsection (a).

14 **SEC. 1433. MILK MARKETINGS INFORMATION.**

15 (a) COLLECTION OF MILK MARKETING DATA.—The
16 Secretary shall establish, by regulation, a process to collect
17 from participating dairy operations and handlers such in-
18 formation that the Secretary considers necessary for each
19 month during which the stabilization program is in effect.

20 (b) REDUCE REGULATORY BURDEN.—When imple-
21 menting the process under subsection (a), the Secretary
22 shall minimize the regulatory burden on participating
23 dairy operations and handlers.

1 **SEC. 1434. CALCULATION AND COLLECTION OF REDUCED**
2 **DAIRY OPERATION PAYMENTS.**

3 (a) REDUCED PARTICIPATING DAIRY OPERATION
4 PAYMENTS REQUIRED.—During any month in which pay-
5 ment reductions are in effect under the stabilization pro-
6 gram, each handler shall reduce payments to each partici-
7 pating dairy operation from whom the handler receives
8 milk.

9 (b) REDUCTIONS BASED ON ACTUAL DAIRY PRO-
10 Duction MARGIN.—

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

18 (A) 98 percent of the stabilization program
19 base of the participating dairy operation.

20 (B) 94 percent of the marketings of milk
21 for the month by the participating dairy oper-
22 ation.

23 (2) REDUCTION REQUIREMENT 2.—If the Sec-
24 retary determines that the average actual dairy pro-
25 duction margin has been less than \$5.00 but greater
26 than \$4.00 for 2 consecutive months, the handler

1 shall make payments to a participating dairy oper-
2 ation for a month based on the greater of the fol-
3 lowing:

4 (A) 97 percent of the stabilization program
5 base of the participating dairy operation.

6 (B) 93 percent of the marketings of milk
7 for the month by the participating dairy oper-
8 ation.

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

15 (A) 96 percent of the stabilization program
16 base of the participating dairy operation.

17 (B) 92 percent of the marketings of milk
18 for the month by the participating dairy oper-
19 ation.

20 (c) CONTINUATION OF REDUCTIONS.—The largest
21 level of payment reduction required under paragraph (1),
22 (2), or (3) of subsection (b) shall be continued for each
23 month until the Secretary suspends the stabilization pro-
24 gram and terminates payment reductions in accordance
25 with section 1436.

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

9 **SEC. 1435. REMITTING FUNDS TO THE SECRETARY AND USE**
10 **OF FUNDS.**

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

17 (b) DEPOSIT OF REMITTED FUNDS.—All funds re-
18 ceived under subsection (a) shall be available to the Sec-
19 retary, without further appropriation and until expended,
20 for use or transfer as provided in subsection (c).

21 (c) USE OF FUNDS.—

22 (1) AVAILABILITY FOR CERTAIN COMMODITY
23 DONATIONS.—Not later than 90 days after the
24 funds described in subsection (a) are due as deter-

1 mined by the Secretary, the Secretary shall obligate
2 the funds for the purpose of—

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

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

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

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

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

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

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

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

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

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

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

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

23 (2) The world price of cheddar cheese and skim
24 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—Administration**

2 **SEC. 1451. DURATION.**

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

5 **SEC. 1452. ADMINISTRATION AND ENFORCEMENT.**

6 (a) **IN GENERAL.**—The Secretary shall promulgate
7 regulations to address administrative and enforcement
8 issues involved in carrying out the production margin pro-
9 tection, supplemental production margin protection, and
10 market stabilization programs.

11 (b) **RECONSTITUTION AND ELIGIBILITY ISSUES.**—

12 (1) **RECONSTITUTION.**—Using authorities under
13 section 1001(f) and 1001B of the Food Security Act
14 of 1985 (7 U.S.C. 1308(f), 1308–2), the Secretary
15 shall promulgate regulations to prohibit a dairy pro-
16 ducer from reconstituting a dairy operation for the
17 sole purpose of the dairy producer—

18 (A) receiving basic margin protection;

19 (B) purchasing supplemental margin pro-
20 tection; or

21 (C) avoiding participation in the market
22 stabilization program.

23 (2) **ELIGIBILITY ISSUES.**—Using authorities
24 under section 1001(f) and 1001B of the Food Secu-
25 rity Act of 1985 (7 U.S.C. 1308(f), 1308–2), the
26 Secretary shall promulgate regulations—

- 1 (A) to prohibit a scheme or device;
- 2 (B) to provide for equitable relief; and
- 3 (C) to provide for other issues affecting eli-
- 4 gibility and liability issues.

5 (3) ADMINISTRATIVE APPEALS.—Using authori-

6 ties under section 1001(h) of the Food Security Act

7 of 1985 (7 U.S.C. 1308(h)) and subtitle H of the

8 Department of Agriculture Reorganization Act (7

9 U.S.C. 6991 et seq.), the Secretary shall promulgate

10 regulations to provide for administrative appeals of

11 decisions of the Secretary that are adverse to par-

12 ticipants of the programs described in subsection

13 (a).

14 **PART II—DAIRY MARKET TRANSPARENCY**

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

16 (a) DEFINITIONS.—Section 272(1)(A) of the Agricul-

17 tural Marketing Act of 1946 (7 U.S.C. 1637a(1)(A)) is

18 amended by inserting “, or any other products that may

19 significantly aid price discovery in the dairy markets, as

20 determined by the Secretary” after “of 1937”.

21 (b) MANDATORY REPORTING FOR DAIRY PROD-

22 UCTS.—Section 273(b) of the Agricultural Marketing Act

23 of 1946 (7 U.S.C. 1637b(b)) is amended—

24 (1) by striking paragraph (1) and inserting the

25 following new paragraph:

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

3 “(A)(i) subject to the conditions described
4 in paragraph (2), require each manufacturer to
5 report to the Secretary, more frequently than
6 once per month, information concerning the
7 price, quantity, and moisture content of dairy
8 products sold by the manufacturer and any
9 other product characteristics that may signifi-
10 cantly aid price discovery in the dairy markets,
11 as determined by the Secretary; and

12 “(ii) modify the format used to provide the
13 information on the day before the date of enact-
14 ment of this subtitle to ensure that the infor-
15 mation can be readily understood by market
16 participants; and

17 “(B) require each manufacturer and other
18 person storing dairy products (including dairy
19 products in cold storage) to report to the Sec-
20 retary, more frequently than once per month,
21 information on the quantity of dairy products
22 stored.”; and

23 (2) in paragraph (2), by inserting “or those
24 that may significantly aid price discovery in the
25 dairy markets” after “Federal milk marketing

1 order” each place it appears in subparagraphs (A),
2 (B), and (C).

3 **SEC. 1462. FEDERAL MILK MARKETING ORDER INFORMA-**
4 **TION.**

5 (a) INFORMATION CLEARINGHOUSE.—

6 (1) IN GENERAL.—The Secretary shall, on be-
7 half of each milk marketing order issued under the
8 Agricultural Adjustment Act (7 U.S.C. 601 et seq.),
9 reenacted with amendments by the Agricultural
10 Marketing Agreement Act of 1937, establish an in-
11 formation clearinghouse for the purposes of edu-
12 cating the public about the Federal milk marketing
13 order system and any marketing order referenda, in-
14 cluding proposal information and timelines that shall
15 be kept current and updated as information becomes
16 available.

17 (2) REQUIREMENTS.—Information under para-
18 graph (1) shall include—

19 (A) information on procedures by which
20 cooperatives vote;

21 (B) if applicable, information on the man-
22 ner by which producers may cast an individual
23 ballot;

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

1 (D) due dates for each specific referendum;

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

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

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

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

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

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

14 (2) publicize the information in major agri-
15 culture and dairy-specific publications on upcoming
16 referenda.

17 (c) STUDY.—

18 (1) IN GENERAL.—The Secretary shall conduct
19 a study of the feasibility of establishing 2 classes of
20 milk, a fluid class and a manufacturing class, to re-
21 place the 4-class system in effect on the date of en-
22 actment of this Act in administering Federal milk
23 marketing orders.

24 (2) FEDERAL MILK MARKET ORDER REVIEW
25 COMMISSION.—The Secretary may elect to use the

1 Federal Milk Market Order Review Commission es-
2 tablished under section 1509(a) of the Food, Con-
3 servation, and Energy Act of 2008 (Public Law
4 110–246; 122 Stat. 1726), or documents of the
5 Commission, to conduct all or part of the study.

6 (3) REPORT.—Not later than 180 days after
7 the date of enactment of this Act, the Secretary
8 shall submit to the Committee on Agriculture of the
9 House of Representatives and the Committee on Ag-
10 riculture, Nutrition, and Forestry of the Senate a
11 report that describes the results of the study re-
12 quired under this subsection, including any rec-
13 ommendations.

14 **PART III—REPEAL OR REAUTHORIZATION OF**
15 **OTHER DAIRY-RELATED PROVISIONS**

16 **SEC. 1471. REPEAL OF DAIRY PRODUCT PRICE SUPPORT**
17 **AND MILK INCOME LOSS CONTRACT PRO-**
18 **GRAMS.**

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

22 (b) REPEAL OF MILK INCOME LOSS CONTRACT PRO-
23 GRAM.—

24 (1) PAYMENTS UNDER MILK INCOME LOSS CON-
25 TRACT PROGRAM.—Section 1506(c)(3) of the Food,

1 Conservation, and Energy Act of 2008 (7 U.S.C.
2 8773(e)(3)) is amended—

3 (A) in subparagraph (A), by inserting
4 “and” after the semicolon;

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

8 (C) by striking subparagraph (C).

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

13 (3) REPEAL.—Effective July 1, 2013, section
14 1506 of the Food, Conservation, and Energy Act of
15 2008 (7 U.S.C. 8773) is repealed.

16 **SEC. 1472. REPEAL OF DAIRY EXPORT INCENTIVE PRO-**
17 **GRAM.**

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

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

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

24 (2) by redesignating subparagraphs (E) and
25 (F) as subparagraphs (D) and (E), respectively.

1 **SEC. 1473. EXTENSION OF DAIRY FORWARD PRICING PRO-**
2 **GRAM.**

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

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

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

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

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

12 **SEC. 1475. EXTENSION OF DAIRY PROMOTION AND RE-**
13 **SEARCH PROGRAM.**

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

17 **SEC. 1476. EXTENSION OF FEDERAL MILK MARKETING**
18 **ORDER REVIEW COMMISSION.**

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

1 **PART IV—FEDERAL MILK MARKETING ORDER**

2 **REFORM**

3 **SEC. 1481. FEDERAL MILK MARKETING ORDERS.**

4 (a) AMENDMENTS.—The Secretary shall provide an
5 analysis on the effects of amending each Federal milk
6 marketing order issued under section 8c of the Agricul-
7 tural Adjustment Act (7 U.S.C. 608c), reenacted with
8 amendments by the Agricultural Marketing Agreement
9 Act of 1937 (in this part referred to as a “milk marketing
10 order”), as required by this section.

11 (b) USE OF END-PRODUCT PRICE FORMULAS.—In
12 carrying out subsection (a), the Secretary shall—

13 (1) consider replacing the use of end-product
14 price formulas with other pricing alternatives; and

15 (2) submit to the Committee on Agriculture of
16 the House of Representatives and the Committee on
17 Agriculture, Nutrition, and Forestry of the Senate a
18 report describing the findings of the Secretary on
19 the impact of the action considered under paragraph
20 (1).

21 **PART V—EFFECTIVE DATE**

22 **SEC. 1491. EFFECTIVE DATE.**

23 Except as otherwise provided in this subtitle, this
24 subtitle and the amendments made by this subtitle take
25 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) ESTABLISHMENT.—There is established a
10 livestock forage disaster program to provide 1 source
11 for livestock forage disaster assistance for weather-
12 related forage losses, as determined by the Sec-
13 retary, by combining—

14 (A) the livestock forage assistance func-
15 tions of—

16 (i) the noninsured crop disaster assist-
17 ance program established by section 196 of
18 the Federal Agriculture Improvement and
19 Reform Act of 1996 (7 U.S.C. 7333); and

20 (ii) the emergency assistance for live-
21 stock, honey bees, and farm-raised fish
22 program under section 531(e) of the Fed-
23 eral Crop Insurance Act (7 U.S.C.
24 1531(e)) (as in existence on the day before
25 the date of enactment of this Act); and

1 (B) the livestock forage disaster program
2 under section 531(d) of the Federal Crop In-
3 surance Act (7 U.S.C. 1531(d)) (as in existence
4 on the day before the date of enactment of this
5 Act).

6 (2) DEFINITIONS.—In this subsection:

7 (A) COVERED LIVESTOCK.—

8 (i) IN GENERAL.—Except as provided
9 in clause (ii), the term “covered livestock”
10 means livestock of an eligible livestock pro-
11 ducer that, during the 60 days prior to the
12 beginning date of an eligible forage loss, as
13 determined by the Secretary, the eligible
14 livestock producer—

15 (I) owned;

16 (II) leased;

17 (III) purchased;

18 (IV) entered into a contract to
19 purchase;

20 (V) was a contract grower; or

21 (VI) sold or otherwise disposed of
22 due to an eligible forage loss during—

23 (aa) the current production
24 year; or

1 (bb) subject to paragraph
2 (4)(B)(ii), 1 or both of the 2 pro-
3 duction years immediately pre-
4 ceding the current production
5 year.

6 (ii) EXCLUSION.—The term “covered
7 livestock” does not include livestock that
8 were or would have been in a feedlot, on
9 the beginning date of the eligible forage
10 loss, as a part of the normal business oper-
11 ation of the eligible livestock producer, as
12 determined by the Secretary.

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

18 (C) ELIGIBLE FORAGE LOSS.—The term
19 “eligible forage loss” means 1 or more forage
20 losses that occur due to weather-related condi-
21 tions, including drought, flood, blizzard, hail,
22 excessive moisture, hurricane, and fire, occur-
23 ring during the normal grazing period, as deter-
24 mined by the Secretary, if the forage—

1 (i) is grown on land that is native or
2 improved pastureland with permanent veg-
3 etative cover; or

4 (ii) is a crop planted specifically for
5 the purpose of providing grazing for cov-
6 ered livestock of an eligible livestock pro-
7 ducer.

8 (D) ELIGIBLE LIVESTOCK PRODUCER.—

9 (i) IN GENERAL.—The term “eligible
10 livestock producer” means an eligible pro-
11 ducer on a farm that—

12 (I) is an owner, cash or share
13 lessee, or contract grower of covered
14 livestock that provides the pastureland
15 or grazing land, including cash-leased
16 pastureland or grazing land, for the
17 covered livestock;

18 (II) provides the pastureland or
19 grazing land for covered livestock, in-
20 cluding cash-leased pastureland or
21 grazing land that is physically located
22 in a county affected by an eligible for-
23 age loss;

24 (III) certifies the eligible forage
25 loss; and

1 (IV) meets all other eligibility re-
2 quirements established under this sub-
3 section.

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

10 (E) NORMAL CARRYING CAPACITY.—The
11 term “normal carrying capacity”, with respect
12 to each type of grazing land or pastureland in
13 a county, means the normal carrying capacity,
14 as determined under paragraph (4)(D)(i), that
15 would be expected from the grazing land or
16 pastureland for livestock during the normal
17 grazing period, in the absence of an eligible for-
18 age loss that diminishes the production of the
19 grazing land or pastureland.

20 (F) NORMAL GRAZING PERIOD.—The term
21 “normal grazing period”, with respect to a
22 county, means the normal grazing period during
23 the calendar year for the county, as determined
24 under paragraph (4)(D)(i).

1 (3) PROGRAM.—For each of fiscal years 2012
2 through 2017, the Secretary shall use such sums as
3 are necessary of the funds of the Commodity Credit
4 Corporation to provide compensation under para-
5 graphs (4) through (6), as determined by the Sec-
6 retary for eligible forage losses affecting covered live-
7 stock of eligible livestock producers.

8 (4) ASSISTANCE FOR ELIGIBLE FORAGE LOSSES
9 DUE TO DROUGHT CONDITIONS.—

10 (A) ELIGIBLE FORAGE LOSSES.—

11 (i) IN GENERAL.—An eligible livestock
12 producer of covered livestock may receive
13 assistance under this paragraph for eligible
14 forage losses that occur due to drought on
15 land that—

16 (I) is native or improved
17 pastureland with permanent vegeta-
18 tive cover; or

19 (II) is planted to a crop planted
20 specifically for the purpose of pro-
21 viding grazing for covered livestock.

22 (ii) EXCLUSIONS.—An eligible live-
23 stock producer may not receive assistance
24 under this paragraph for eligible forage
25 losses that occur on land used for haying

1 or grazing under the conservation reserve
2 program established under subchapter B of
3 chapter 1 of subtitle D of title XII of the
4 Food Security Act of 1985 (16 U.S.C.
5 3831 et seq.), unless the land is grassland
6 eligible for the conservation reserve pro-
7 gram under section 1231(d)(2) of the Food
8 Security Act of 1985 (16 U.S.C.
9 3831(d)(2)) (as amended by section 2001
10 of this Act).

11 (B) MONTHLY PAYMENT RATE.—

12 (i) IN GENERAL.—Except as provided
13 in clause (ii), the payment rate for assist-
14 ance for 1 month under this paragraph
15 shall, in the case of drought, be equal to
16 60 percent of the lesser of—

17 (I) the monthly feed cost for all
18 covered livestock owned or leased by
19 the eligible livestock producer, as de-
20 termined under subparagraph (C); or

21 (II) the monthly feed cost cal-
22 culated by using the normal carrying
23 capacity of the eligible grazing land of
24 the eligible livestock producer.

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

11 (C) MONTHLY FEED COST.—

12 (i) IN GENERAL.—The monthly feed
13 cost shall equal the product obtained by
14 multiplying—

15 (I) 30 days;

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

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

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

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

3 (II) in the case of any other type
4 of weight of livestock, an amount de-
5 termined by the Secretary that rep-
6 resents the average number of pounds
7 of corn per day necessary to feed the
8 livestock.

9 (iii) CORN PRICE PER POUND.—For
10 purposes of clause (i)(III), the corn price
11 per pound shall equal the quotient ob-
12 tained by dividing—

13 (I) the higher of—

14 (aa) the national average
15 corn price per bushel for the 12-
16 month period immediately pre-
17 ceeding March 1 of the year for
18 which the disaster assistance is
19 calculated; or

20 (bb) the national average
21 corn price per bushel for the 24-
22 month period immediately pre-
23 ceeding that March 1; by

24 (II) 56.

1 (D) NORMAL GRAZING PERIOD AND
2 DROUGHT MONITOR INTENSITY.—

3 (i) FSA COUNTY COMMITTEE DETER-
4 MINATIONS.—

5 (I) IN GENERAL.—The Secretary
6 shall determine the normal carrying
7 capacity and normal grazing period
8 for each type of grazing land or
9 pastureland in the county served by
10 the applicable Farm Service Agency
11 committee.

12 (II) CHANGES.—No change to
13 the normal carrying capacity or nor-
14 mal grazing period established for a
15 county under subclause (I) shall be
16 made unless the change is requested
17 by the appropriate State and county
18 Farm Service Agency committees.

19 (ii) DROUGHT INTENSITY.—

20 (I) D2.—An eligible livestock
21 producer that owns or leases grazing
22 land or pastureland that is physically
23 located in a county that is rated by
24 the U.S. Drought Monitor as having a
25 D2 (severe drought) intensity in any

1 area of the county for at least 8 con-
2 secutive weeks during the normal
3 grazing period for the county, as de-
4 termined by the Secretary, shall be el-
5 ible to receive assistance under this
6 paragraph in an amount equal to 1
7 monthly payment using the monthly
8 payment rate determined under sub-
9 paragraph (B).

10 (II) D3.—An eligible livestock
11 producer that owns or leases grazing
12 land or pastureland that is physically
13 located in a county that is rated by
14 the U.S. Drought Monitor as having
15 at least a D3 (extreme drought) in-
16 tensity in any area of the county at
17 any time during the normal grazing
18 period for the county, as determined
19 by the Secretary, shall be eligible to
20 receive assistance under this para-
21 graph—

22 (aa) in an amount equal to
23 3 monthly payments using the
24 monthly payment rate deter-
25 mined under subparagraph (B);

1 (bb) if the county is rated as
2 having a D3 (extreme drought)
3 intensity in any area of the coun-
4 ty for at least 4 weeks during the
5 normal grazing period for the
6 county, or is rated as having a
7 D4 (exceptional drought) inten-
8 sity in any area of the county at
9 any time during the normal graz-
10 ing period, in an amount equal to
11 4 monthly payments using the
12 monthly payment rate deter-
13 mined under subparagraph (B);
14 or

15 (cc) if the county is rated as
16 having a D4 (exceptional
17 drought) intensity in any area of
18 the county for at least 4 weeks
19 during the normal grazing pe-
20 riod, in an amount equal to 5
21 monthly payments using the
22 monthly rate determined under
23 subparagraph (B).

24 (iii) ANNUAL PAYMENT BASED ON
25 DROUGHT CONDITIONS DETERMINED BY

1 MEANS OTHER THAN THE U.S. DROUGHT
2 MONITOR.—

3 (I) IN GENERAL.—An eligible
4 livestock producer that owns grazing
5 land or pastureland that is physically
6 located in a county that has experi-
7 enced on average, over the preceding
8 calendar year, precipitation levels that
9 are 50 percent or more below normal
10 levels, according to sufficient docu-
11 mentation as determined by the Sec-
12 retary, may be eligible, subject to a
13 determination by the Secretary, to re-
14 ceive assistance under this paragraph
15 in an amount equal to not more than
16 1 monthly payment using the monthly
17 payment rate under subparagraph
18 (B).

19 (II) NO DUPLICATE PAYMENT.—
20 A producer may not receive a pay-
21 ment under both clause (ii) and this
22 clause.

23 (5) ASSISTANCE FOR LOSSES DUE TO FIRE ON
24 PUBLIC MANAGED LAND.—

1 (A) IN GENERAL.—An eligible livestock
2 producer may receive assistance under this
3 paragraph only if—

4 (i) the eligible forage losses occur on
5 rangeland that is managed by a Federal
6 agency; and

7 (ii) the eligible livestock producer is
8 prohibited by the Federal agency from
9 grazing the normal permitted livestock on
10 the managed rangeland due to a fire.

11 (B) PAYMENT RATE.—The payment rate
12 for assistance under this paragraph shall be
13 equal to 50 percent of the monthly feed cost for
14 the total number of livestock covered by the
15 Federal lease of the eligible livestock producer,
16 as determined under paragraph (4)(C).

17 (C) PAYMENT DURATION.—

18 (i) IN GENERAL.—Subject to clause
19 (ii), an eligible livestock producer shall be
20 eligible to receive assistance under this
21 paragraph for the period—

22 (I) beginning on the date on
23 which the Federal agency excludes the
24 eligible livestock producer from using

1 the managed rangeland for grazing;
2 and

3 (II) ending on the last day of the
4 Federal lease of the eligible livestock
5 producer.

6 (ii) LIMITATION.—An eligible livestock
7 producer may only receive assistance under
8 this paragraph for losses that occur on not
9 more than 180 days per year.

10 (6) ASSISTANCE FOR ELIGIBLE FORAGE LOSSES
11 DUE TO OTHER THAN DROUGHT OR FIRE.—

12 (A) ELIGIBLE FORAGE LOSSES.—

13 (i) IN GENERAL.—Subject to subpara-
14 graph (B), an eligible livestock producer of
15 covered livestock may receive assistance
16 under this paragraph for eligible forage
17 losses that occur due to weather-related
18 conditions other than drought or fire on
19 land that—

20 (I) is native or improved
21 pastureland with permanent vegeta-
22 tive cover; or

23 (II) is planted to a crop planted
24 specifically for the purpose of pro-
25 viding grazing for covered livestock.

1 (ii) EXCLUSIONS.—An eligible live-
2 stock producer may not receive assistance
3 under this paragraph for eligible forage
4 losses that occur on land used for haying
5 or grazing under the conservation reserve
6 program established under subchapter B of
7 chapter 1 of subtitle D of title XII of the
8 Food Security Act of 1985 (16 U.S.C.
9 3831 et seq.), unless the land is grassland
10 eligible for the conservation reserve pro-
11 gram under section 1231(d)(2) of the Food
12 Security Act of 1985 (16 U.S.C.
13 3831(d)(2)) (as amended by section 2001
14 of this Act).

15 (B) PAYMENTS FOR ELIGIBLE FORAGE
16 LOSSES.—

17 (i) IN GENERAL.—The Secretary shall
18 provide assistance under this paragraph to
19 an eligible livestock producer for eligible
20 forage losses that occur due to weather-re-
21 lated conditions other than—

22 (I) drought under paragraph (4);

23 and

24 (II) fire on public managed land
25 under paragraph (5).

1 (ii) TERMS AND CONDITIONS.—The
2 Secretary shall establish terms and condi-
3 tions for assistance under this paragraph
4 that are consistent with the terms and con-
5 ditions for assistance under this sub-
6 section.

7 (7) NO DUPLICATIVE PAYMENTS.—An eligible
8 livestock producer may elect to receive assistance for
9 eligible forage losses under either paragraph (4), (5),
10 or (6), if applicable, but may not receive assistance
11 under more than 1 of those paragraphs for the same
12 loss, as determined by the Secretary.

13 (8) DETERMINATIONS BY SECRETARY.—A de-
14 termination made by the Secretary under this sub-
15 section shall be final and conclusive.

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

18 (1) IN GENERAL.—For each of fiscal years
19 2012 through 2017, the Secretary shall use not
20 more than \$5,000,000 of the funds of the Com-
21 modity Credit Corporation to provide emergency re-
22 lief to eligible producers of livestock, honey bees, and
23 farm-raised fish to aid in the reduction of losses due
24 to disease, adverse weather, or other conditions, such
25 as blizzards and wildfires, as determined by the Sec-

1 retary, that are not covered under subsection (b) or
2 (c).

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

7 (3) AVAILABILITY OF FUNDS.—Any funds made
8 available under this subsection shall remain available
9 until expended.

10 (e) TREE ASSISTANCE PROGRAM.—

11 (1) DEFINITIONS.—In this subsection:

12 (A) ELIGIBLE ORCHARDIST.—The term
13 “eligible orchardist” means a person that pro-
14 duces annual crops from trees for commercial
15 purposes.

16 (B) NATURAL DISASTER.—The term “nat-
17 ural disaster” means plant disease, insect infes-
18 tation, drought, fire, freeze, flood, earthquake,
19 lightning, or other occurrence, as determined by
20 the Secretary.

21 (C) NURSERY TREE GROWER.—The term
22 “nursery tree grower” means a person who pro-
23 duces nursery, ornamental, fruit, nut, or Christ-
24 mas trees for commercial sale, as determined by
25 the Secretary.

1 (D) TREE.—The term “tree” includes a
2 tree, bush, and vine.

3 (2) ELIGIBILITY.—

4 (A) LOSS.—Subject to subparagraph (B),
5 for each of fiscal years 2012 through 2017, the
6 Secretary shall use such sums as are necessary
7 of the funds of the Commodity Credit Corpora-
8 tion to provide assistance—

9 (i) under paragraph (3) to eligible or-
10 chardists and nursery tree growers that
11 planted trees for commercial purposes but
12 lost the trees as a result of a natural dis-
13 aster, as determined by the Secretary; and

14 (ii) under paragraph (3)(B) to eligible
15 orchardists and nursery tree growers that
16 have a production history for commercial
17 purposes on planted or existing trees but
18 lost the trees as a result of a natural dis-
19 aster, as determined by the Secretary.

20 (B) LIMITATION.—An eligible orchardist
21 or nursery tree grower shall qualify for assist-
22 ance under subparagraph (A) only if the tree
23 mortality of the eligible orchardist or nursery
24 tree grower, as a result of damaging weather or

1 related condition, exceeds 15 percent (adjusted
2 for normal mortality).

3 (3) ASSISTANCE.—Subject to paragraph (4),
4 the assistance provided by the Secretary to eligible
5 orchardists and nursery tree growers for losses de-
6 scribed in paragraph (2) shall consist of—

7 (A)(i) reimbursement of 65 percent of the
8 cost of replanting trees lost due to a natural
9 disaster, as determined by the Secretary, in ex-
10 cess of 15 percent mortality (adjusted for nor-
11 mal mortality); or

12 (ii) at the option of the Secretary, suffi-
13 cient seedlings to reestablish a stand; and

14 (B) reimbursement of 50 percent of the
15 cost of pruning, removal, and other costs in-
16 curred by an eligible orchardist or nursery tree
17 grower to salvage existing trees or, in the case
18 of tree mortality, to prepare the land to replant
19 trees as a result of damage or tree mortality
20 due to a natural disaster, as determined by the
21 Secretary, in excess of 15 percent damage or
22 mortality (adjusted for normal tree damage and
23 mortality).

24 (4) LIMITATIONS ON ASSISTANCE.—

1 (A) DEFINITIONS OF LEGAL ENTITY AND
2 PERSON.—In this paragraph, the terms “legal
3 entity” and “person” have the meaning given
4 those terms in section 1001(a) of the Food Se-
5 curity Act of 1985 (7 U.S.C. 1308(a)).

6 (B) AMOUNT.—The total amount of pay-
7 ments received, directly or indirectly, by a per-
8 son or legal entity (excluding a joint venture or
9 general partnership) under this subsection may
10 not exceed \$100,000 for any crop year, or an
11 equivalent value in tree seedlings.

12 (C) ACRES.—The total quantity of acres
13 planted to trees or tree seedlings for which a
14 person or legal entity shall be entitled to receive
15 payments under this subsection may not exceed
16 500 acres.

17 (f) PAYMENTS.—

18 (1) PAYMENT LIMITATIONS.—

19 (A) DEFINITIONS OF LEGAL ENTITY AND
20 PERSON.—In this subsection, the terms “legal
21 entity” and “person” have the meanings given
22 those terms in section 1001(a) of the Food Se-
23 curity Act of 1985 (7 U.S.C. 1308(a)).

24 (B) AMOUNT.—The total amount of dis-
25 aster assistance payments received, directly or

1 indirectly, by a person or legal entity (excluding
2 a joint venture or general partnership) under
3 this section (excluding payments received under
4 subsection (e)) may not exceed \$100,000 for
5 any crop year.

6 (C) DIRECT ATTRIBUTION.—Subsections
7 (d) and (e) of section 1001 of the Food Secu-
8 rity Act of 1985 (7 U.S.C. 1308) or any suc-
9 cessor provisions relating to direct attribution
10 shall apply with respect to assistance provided
11 under this section.

12 (2) PAYMENT DELIVERY.—The Secretary shall
13 make payments under this section after October 1,
14 2013, for losses incurred in the 2012 and 2013 fis-
15 cal years, and as soon as practicable for losses in-
16 curred in any year thereafter.

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.

1 (c) REGULATIONS.—

2 (1) IN GENERAL.—Except as otherwise pro-
3 vided in this subsection, not later than 90 days after
4 the date of enactment of this Act, the Secretary and
5 the Commodity Credit Corporation, as appropriate,
6 shall promulgate such regulations as are necessary
7 to implement this title and the amendments made by
8 this title.

9 (2) PROCEDURE.—The promulgation of the reg-
10 ulations and administration of this title and the
11 amendments made by this title and sections 11001
12 and 11011 of this Act shall be made without regard
13 to—

14 (A) the notice and comment provisions of
15 section 553 of title 5, United States Code;

16 (B) chapter 35 of title 44, United States
17 Code (commonly known as the “Paperwork Re-
18 duction Act”); and

19 (C) the Statement of Policy of the Sec-
20 retary of Agriculture effective July 24, 1971
21 (36 Fed. Reg. 13804), relating to notices of
22 proposed rulemaking and public participation in
23 rulemaking.

24 (3) CONGRESSIONAL REVIEW OF AGENCY RULE-
25 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 title I of subtitle A of the Agri-
3 culture Reform, 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) LIMITATION ON MARKETING LOAN GAINS AND
8 LOAN DEFICIENCY PAYMENTS FOR PEANUTS AND OTHER
9 COVERED COMMODITIES.—Section 1001 of the Food Se-
10 curity Act of 1985 (7 U.S.C. 1308) is amended by striking
11 subsection (d) and inserting the following:

12 “(d) LIMITATION ON MARKETING LOAN GAINS AND
13 LOAN DEFICIENCY PAYMENTS FOR PEANUTS AND OTHER
14 COVERED COMMODITIES.—The total amount of marketing
15 loan gains and loan deficiency payments received, directly
16 or indirectly, by a person or legal entity (except a joint
17 venture or general partnership) for any crop year under
18 subtitle B of the Agriculture Reform, Food, and Jobs Act
19 of 2012 (or a successor provision) for—

20 “(1) peanuts may not exceed \$75,000; and

21 “(2) 1 or more other covered commodities may
22 not exceed \$75,000.”.

23 (c) CONFORMING AMENDMENTS.—

24 (1) Section 1001 of the Food Security Act of
25 1985 (7 U.S.C. 1308) is amended—

1 (A) in subsection (a)(1), by striking “sec-
2 tion 1001 of the Food, Conservation, and En-
3 ergy Act of 2008” and inserting “section 1104
4 of the Agriculture Reform, Food, and Jobs Act
5 of 2012”;

6 (B) in subsection (d), by inserting “or title
7 I of the Agriculture Reform, Food, and Jobs
8 Act of 2012” before the period at the end;

9 (C) in subsection (e)—

10 (i) in paragraph (1), by striking “sub-
11 sections (b) and (c) and a program de-
12 scribed in paragraphs (1)(C)” and insert-
13 ing “subsection (b) and a program de-
14 scribed in paragraph (1)(B)”; and

15 (ii) in paragraph (3)(B), by striking
16 “subsections (b) and (c)” each place it ap-
17 pears and inserting “subsection (b)”;

18 (D) in subsection (f)—

19 (i) by striking “or title XII” each
20 place it appears in paragraphs (5)(A) and
21 (6)(A) and inserting “, title I of the Agri-
22 culture Reform, Food, and Jobs Act of
23 2012, or title XII”;

1 (ii) in paragraph (2), by striking
2 “Subsections (b) and (c)” and inserting
3 “Subsection (b)”;

4 (iii) in paragraph (4)(B), by striking
5 “subsection (b) or (c)” and inserting “sub-
6 section (b)”;

7 (iv) in paragraph (5)—

8 (I) in subparagraph (A), by strik-
9 ing “subsection (d)” and inserting
10 “subsection (e)”; and

11 (II) in subparagraph (B), by
12 striking “subsection (b), (c), or (d)”
13 and inserting “subsection (b) or (c)”;
14 and

15 (v) in paragraph (6)—

16 (I) in subparagraph (A), by strik-
17 ing “subsection (d), except as pro-
18 vided in subsection (g)” and inserting
19 “subsection (c), except as provided in
20 subsection (f)”;

21 (II) in subparagraph (B), by
22 striking “subsections (b), (c), and
23 (d)” and inserting “subsections (b)
24 and (c)”;

25 (E) in subsection (g)—

1 (i) in paragraph (1)—

2 (I) by striking “subsection
3 (f)(6)(A)” and inserting “subsection
4 (e)(6)(A)” and

5 (II) by striking “subsection (b)
6 or (c)” and inserting “subsection (b)”;
7 and

8 (ii) in paragraph (2)(A), by striking
9 “subsections (b) and (c)” and inserting
10 “subsection (b)”; and

11 (F) by redesignating subsections (d)
12 through (h) as subsections (e) through (g), re-
13 spectively.

14 (2) Section 1001A of the Food Security Act of
15 1985 (7 U.S.C. 1308–1) is amended—

16 (A) in subsection (a), by striking “sub-
17 sections (b) and (c)” and inserting “subsection
18 (b)”; and

19 (B) in subsection (b)(1), by striking “sub-
20 section (b) or (c)” and inserting “subsection
21 (b)”.

22 (3) Section 1001B(a) of the Food Security Act
23 of 1985 (7 U.S.C. 1308–2(a)) is amended in the
24 matter preceding paragraph (1) by striking “sub-
25 sections (b) and (c)” and inserting “subsection (b)”.

1 (4) Section 1001C(a) of the Food Security Act
2 of 1985 (7 U.S.C. 1308–3(a)) is amended by insert-
3 ing “title I of the Agriculture Reform, Food, and
4 Jobs Act of 2012,” after “2008,”.

5 (d) APPLICATION.—The amendments made by this
6 section shall apply beginning with the 2013 crop year.

7 **SEC. 1604. PAYMENTS LIMITED TO ACTIVE FARMERS.**

8 Section 1001A of the Food Security Act of 1985 (7
9 U.S.C. 1308–1) is amended—

10 (1) in subsection (b)(2)—

11 (A) by striking “or active personal man-
12 agement” each place it appears in subpara-
13 graphs (A)(i)(II) and (B)(ii); and

14 (B) in subparagraph (C), by striking “, as
15 applied to the legal entity, are met by the legal
16 entity, the partners or members making a sig-
17 nificant contribution of personal labor or active
18 personal management” and inserting “are met
19 by partners or members making a significant
20 contribution of personal labor, those partners or
21 members”; and

22 (2) in subsection (c)—

23 (A) in paragraph (1)—

24 (i) by striking subparagraph (A) and
25 inserting the following:

1 “(A) the landowner share-rents the land at
2 a rate that is usual and customary;”;

3 (ii) in subparagraph (B), by striking
4 the period at the end and inserting “;
5 and”; and

6 (iii) by adding at the end the fol-
7 lowing:

8 “(C) the share of the payments received by
9 the landowner is commensurate with the share
10 of the crop or income received as rent.”;

11 (B) in paragraph (2)(A), by striking “ac-
12 tive personal management or”;

13 (C) in paragraph (5)—

14 (i) by striking “(5)” and all that fol-
15 lows through “(A) IN GENERAL.—A per-
16 son” and inserting the following:

17 “(5) CUSTOM FARMING SERVICES.—A person”;

18 (ii) by inserting “under usual and
19 customary terms” after “services”; and

20 (iii) by striking subparagraph (B);
21 and

22 (D) by adding at the end the following:

23 “(7) FARM MANAGERS.—A person who other-
24 wise meets the requirements of this subsection other
25 than (b)(2)(A)(i)(II) shall be considered to be ac-

1 tively engaged in farming, as determined by the Sec-
2 retary, with respect to the farming operation, includ-
3 ing a farming operation that is a sole proprietorship,
4 a legal entity such as a joint venture or general
5 partnership, or a legal entity such as a corporation
6 or limited partnership, if the person—

7 “(A) makes a significant contribution of
8 management to the farming operation necessary
9 for the farming operation, taking into ac-
10 count—

11 “(i) the size and complexity of the
12 farming operation; and

13 “(ii) the management requirements
14 normally and customarily required by simi-
15 lar farming operations;

16 “(B) is the only person in the farming op-
17 eration qualifying as actively engaged in farm-
18 ing;

19 “(C) does not use the management con-
20 tribution under this paragraph to qualify as ac-
21 tively engaged in more than 1 farming oper-
22 ation; and

23 “(D) manages a farm operation that does
24 not substantially share equipment, labor, or
25 management with persons or legal entities that

1 with the person collectively receive, directly or
2 indirectly, an amount equal to more than the
3 applicable limits under section 1001(b).”.

4 **SEC. 1605. ADJUSTED GROSS INCOME LIMITATION.**

5 (a) IN GENERAL.—Section 1001D(b)) of the Food
6 Security Act of 1985 (7 U.S.C. 1308–3a(b)) is amended
7 by striking paragraph (1) and inserting the following:

8 “(1) COMMODITY PROGRAMS.—

9 “(A) LIMITATION.—Notwithstanding any
10 other provision of law, a person or legal entity
11 shall not be eligible to receive any benefit de-
12 scribed in subparagraph (B) during a crop, fis-
13 cal or program year, as appropriate, if the aver-
14 age adjusted gross income (or comparable
15 measure over the 3 taxable years preceding the
16 most immediately preceding complete taxable
17 year, as determined by the Secretary) of the
18 person or legal entity exceeds \$750,000.

19 “(B) COVERED BENEFITS.—Subparagraph
20 (A) applies with respect to the following:

21 “(i) A payment under section 1105 of
22 the Agriculture Reform, Food, and Jobs
23 Act of 2012.

24 “(ii) A marketing loan gain or loan
25 deficiency payment under subtitle B of title

1 I of the Agriculture Reform, Food, and
2 Jobs Act of 2012.

3 “(iii) A payment under subtitle E of
4 the Agriculture Reform, Food, and Jobs
5 Act of 2012.”.

6 “(iv) A payment under section 196 of
7 the Federal Agriculture Improvement and
8 Reform Act of 1996 (7 U.S.C. 7333).”.

9 (b) APPLICATION.—The amendments made by this
10 section shall apply beginning with the 2013 crop year.

11 **SEC. 1606. GEOGRAPHICALLY DISADVANTAGED FARMERS**
12 **AND RANCHERS.**

13 Section 1621(d) of the Food, Conservation, and En-
14 ergy Act of 2008 (7 U.S.C. 8792(d)) is amended by strik-
15 ing “2012” and inserting “2017”.

16 **SEC. 1607. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.**
17

18 Section 164 of the Federal Agriculture Improvement
19 and Reform Act of 1996 (7 U.S.C. 7284) is amended by
20 striking “and title I of the Food, Conservation, and En-
21 ergy Act of 2008” each place it appears and inserting
22 “title I of the Food, Conservation, and Energy Act of
23 2008 (7 U.S.C. 8702 et seq.), and title I of the Agriculture
24 Reform, Food, and Jobs Act of 2012”.

1 **SEC. 1608. PREVENTION OF DECEASED INDIVIDUALS RE-**
2 **CEIVING PAYMENTS UNDER FARM COM-**
3 **MODITY PROGRAMS.**

4 (a) RECONCILIATION.—At least twice each year, the
5 Secretary shall reconcile social security numbers of all in-
6 dividuals who receive payments under this title, whether
7 directly or indirectly, with the Commissioner of Social Se-
8 curity to determine if the individuals are alive.

9 (b) PRECLUSION.—The Secretary shall preclude the
10 issuance of payments to, and on behalf of, deceased indi-
11 viduals that were not eligible for payments.

12 **SEC. 1609. APPEALS.**

13 (a) DIRECTION, CONTROL, AND SUPPORT.—Section
14 272 of the Department of Agriculture Reorganization Act
15 of 1994 (7 U.S.C. 6992) is amended by striking sub-
16 section (c) and inserting the following:

17 “(c) DIRECTION, CONTROL, AND SUPPORT.—

18 “(1) DIRECTION AND CONTROL.—

19 “(A) IN GENERAL.—Except as provided in
20 paragraph (2), the Director shall be free from
21 the direction and control of any person other
22 than the Secretary or the Deputy Secretary of
23 Agriculture.

24 “(B) ADMINISTRATIVE SUPPORT.—The Di-
25 vision shall not receive administrative support

1 (except on a reimbursable basis) from any agen-
2 cy other than the Office of the Secretary.

3 “(C) PROHIBITION ON DELEGATION.—The
4 Secretary may not delegate to any other officer
5 or employee of the Department, other than the
6 Deputy Secretary of Agriculture or the Direc-
7 tor, the authority of the Secretary with respect
8 to the Division.

9 “(2) EXCEPTION.—The Assistant Secretary for
10 Administration is authorized to investigate, enforce,
11 and implement the provisions in law, Executive
12 order, or regulations that relate in general to com-
13 petitive and excepted service positions and employ-
14 ment within the Division, including the position of
15 Director, and such authority may be further dele-
16 gated to subordinate officials.”

17 (b) DETERMINATION OF APPEALABILITY OF AGENCY
18 DECISIONS.—Section 272 of the Department of Agri-
19 culture Reorganization Act of 1994 (7 U.S.C. 6992) is
20 amended by striking subsection (d) and inserting the fol-
21 lowing:

22 “(d) DETERMINATION OF APPEALABILITY OF AGEN-
23 CY DECISIONS.—

24 “(1) DEFINITION OF A MATTER OF GENERAL
25 APPLICABILITY.—In this subsection, the term ‘a

1 matter of general applicability’ means a matter that
2 challenges the merits or authority of a rule, proce-
3 dure, local or national program practice, or deter-
4 mination of an agency that applies, or can apply, to
5 more than 1 interested party as opposed to the par-
6 ticular application of the rule, procedure, or practice
7 to a specific set of facts or the facts themselves as
8 the facts apply to 1 particular interested party.

9 “(2) MATTERS NOT SUBJECT TO APPEAL.—The
10 Division may not hear appeals—

11 “(A) unless the determination of the agen-
12 cy is adverse to the appellant;

13 “(B) that involve matters of general appli-
14 cability; and

15 “(C) that involve requests for equitable re-
16 lief unless the equitable relief has been denied
17 by the agency.

18 “(3) EQUITABLE RELIEF.—

19 “(A) IN GENERAL.—An appeal requesting
20 equitable relief may not be granted by the Di-
21 rector to an appellant unless, using the rules
22 and practices that the agency applies to itself,
23 the agency could in fact have granted the relief
24 because the appellant acted in good faith, but

1 failed to fully comply with the requirement of
2 the rule or practice of the agency.

3 “(B) REMAND.—If it cannot be deter-
4 mined whether the agency would have granted
5 equitable relief because the appellant acted in
6 good faith, but failed to comply with the rule or
7 practice of the agency, the matter shall be re-
8 manded to the agency for further consideration.

9 “(4) DETERMINATION OF APPEALABILITY.—If
10 an officer, employee, or committee of an agency de-
11 termines that a decision is not appealable and a par-
12 ticipant appeals the decision to the Director, the Di-
13 rector shall determine whether the decision is ad-
14 verse to the individual participant and appealable or
15 is a matter of general applicability and not subject
16 to appeal.

17 “(5) APPEALABILITY OF DETERMINATION.—
18 The determination of the Director as to whether a
19 decision is appealable is final.”

20 (c) EQUITABLE RELIEF.—Section 278 of the Depart-
21 ment of Agriculture Reorganization Act of 1994 (7 U.S.C.
22 6998) is amended by striking subsection (d).

23 (d) CONFORMING AMENDMENT.—Section 296(b) of
24 the Department of Agriculture Reorganization Act of
25 1994 (7 U.S.C. 7014(b)) is amended—

1 (1) in paragraph (6)(C), by striking “or” at the
2 end;

3 (2) in paragraph (7), by striking the period at
4 the end and inserting “; or”; and

5 (3) by adding at the end the following:

6 “(8) the authority of the Secretary to carry out
7 amendments to sections 272 and 278 made by the
8 Agriculture Reform, Food, and Jobs Act of 2012.”.

9 **SEC. 1610. TECHNICAL CORRECTIONS.**

10 (a) Section 359f(e)(1)(B) of the Agricultural Adjust-
11 ment Act of 1938 (7 U.S.C. 1359ff(e)(1)(B)) is amended
12 by adding a period at the end.

13 (b)(1) Section 1603(g) of the Food, Conservation,
14 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
15 1739) is amended in paragraphs (2) through (6) and the
16 amendments made by those paragraphs by striking
17 “1703(a)” each place it appears and inserting “1603(a)”.

18 (2) This subsection and the amendments made by
19 this subsection take effect as if included in the Food, Con-
20 servation, and Energy Act of 2008 (Public Law 110–246;
21 122 Stat. 1651).

22 **SEC. 1611. ASSIGNMENT OF PAYMENTS.**

23 (a) IN GENERAL.—The provisions of section 8(g) of
24 the Soil Conservation and Domestic Allotment Act (16

1 U.S.C. 590h(g)), relating to assignment of payments, shall
2 apply to payments made under this title.

3 (b) NOTICE.—The producer making the assignment,
4 or the assignee, shall provide the Secretary with notice,
5 in such manner as the Secretary may require, of any as-
6 signment made under this section.

7 **SEC. 1612. TRACKING OF BENEFITS.**

8 As soon as practicable after the date of enactment
9 of this Act, the Secretary may track the benefits provided,
10 directly or indirectly, to individuals and entities under ti-
11 tles I and II and the amendments made by those titles.

12 **SEC. 1613. SIGNATURE AUTHORITY.**

13 (a) IN GENERAL.—In carrying out this title and title
14 II and amendments made by those titles, if the Secretary
15 approves a document, the Secretary shall not subsequently
16 determine the document is inadequate or invalid because
17 of the lack of authority of any person signing the docu-
18 ment on behalf of the applicant or any other individual,
19 entity, general partnership, or joint venture, or the docu-
20 ments relied upon were determined inadequate or invalid,
21 unless the person signing the program document know-
22 ingly and willfully falsified the evidence of signature au-
23 thority or a signature.

24 (b) AFFIRMATION.—

1 (1) IN GENERAL.—Nothing in this section pro-
2 hibits the Secretary from asking a proper party to
3 affirm any document that otherwise would be consid-
4 ered approved under subsection (a).

5 (2) NO RETROACTIVE EFFECT.—A denial of
6 benefits based on a lack of affirmation under para-
7 graph (1) shall not be retroactive with respect to
8 third-party producers who were not the subject of
9 the erroneous representation of authority, if the
10 third-party producers—

11 (A) relied on the prior approval by the Sec-
12 retary of the documents in good faith; and

13 (B) substantively complied with all pro-
14 gram requirements.

15 **SEC. 1614. IMPLEMENTATION.**

16 (a) STREAMLINING.—In implementing this title, the
17 Secretary shall, to the maximum extent practicable—

18 (1) seek to reduce administrative burdens and
19 costs to producers by streamlining and reducing pa-
20 perwork, forms, and other administrative require-
21 ments;

22 (2) improve coordination, information sharing,
23 and administrative work with the Risk Management
24 Agency and the Natural Resources Conservation
25 Service; and

1 (3) take advantage of new technologies to en-
2 hance efficiency and effectiveness of program deliv-
3 ery to producers.

4 (b) IMPLEMENTATION.—On October 1, 2013, the
5 Secretary shall make available to the Farm Service Agency
6 to carry out this title \$100,000,000.

7 **TITLE II—CONSERVATION**
8 **Subtitle A—Conservation Reserve**
9 **Program**

10 **SEC. 2001. EXTENSION AND ENROLLMENT REQUIREMENTS**
11 **OF CONSERVATION RESERVE PROGRAM.**

12 (a) EXTENSION.—Section 1231(a) of the Food Secu-
13 rity Act of 1985 (16 U.S.C. 3831(a)) is amended by strik-
14 ing “2012” and inserting “2017”.

15 (b) ELIGIBLE LAND.—Section 1231(b) of the Food
16 Security Act of 1985 (16 U.S.C. 3831(b)) is amended—

17 (1) in paragraph (1)(B), by striking “the date
18 of enactment of the Food, Conservation, and Energy
19 Act of 2008” and inserting “the date of enactment
20 of the Agriculture Reform, Food, and Jobs Act of
21 2012”;

22 (2) by striking paragraph (2) and redesignating
23 paragraph (3) as paragraph (2);

24 (3) by inserting before paragraph (4) the fol-
25 lowing:

1 “(3) grassland that—

2 “(A) contains forbs or shrubland (includ-
3 ing improved rangeland and pastureland) for
4 which grazing is the predominant use;

5 “(B) is located in an area historically
6 dominated by grassland; and

7 “(C) could provide habitat for animal and
8 plant populations of significant ecological value
9 if the land is retained in its current use or re-
10 stored to a natural condition;”;

11 (4) in paragraph (4)(C), by striking
12 “filterstrips devoted to trees or shrubs” and insert-
13 ing “filterstrips and riparian buffers devoted to
14 trees, shrubs, or grasses”; and

15 (5) by striking paragraph (5) and inserting the
16 following:

17 “(5) the portion of land in a field not enrolled
18 in the conservation reserve in a case in which—

19 “(A) more than 50 percent of the land in
20 the field is enrolled as a buffer or filterstrip or
21 more than 75 percent of the land in the field
22 is enrolled in a practice other than as a buffer
23 or filterstrip; and

24 “(B) the remainder of the field is—

25 “(i) infeasible to farm; and

1 “(ii) enrolled at regular rental rates.”.

2 (c) PLANTING STATUS OF CERTAIN LAND.—Section
3 1231(c) of the Food Security Act of 1985 (16 U.S.C.
4 3831(c)) is amended by striking “if” and all that follows
5 through the period at the end and inserting “if, during
6 the crop year, the land was devoted to a conserving use.”.

7 (d) ENROLLMENT.—Section 1231 of the Food Secu-
8 rity Act of 1985 (16 U.S.C. 3831) is amended by striking
9 subsection (d) and inserting the following:

10 “(d) ENROLLMENT.—

11 “(1) MAXIMUM ACREAGE ENROLLED.—The
12 Secretary may maintain in the conservation reserve
13 at any 1 time during—

14 “(A) fiscal year 2012, no more than
15 32,000,000 acres;

16 “(B) fiscal year 2013, no more than
17 30,000,000 acres;

18 “(C) fiscal year 2014, no more than
19 27,500,000 acres;

20 “(D) fiscal year 2015, no more than
21 26,500,000 acres;

22 “(E) fiscal year 2016, no more than
23 25,500,000 acres; and

24 “(F) fiscal year 2017, no more than
25 25,000,000 acres.

1 “(2) GRASSLAND.—

2 “(A) LIMITATION.—For purposes of apply-
3 ing the limitations in paragraph (1), no more
4 than 1,500,000 acres of the land described in
5 subsection (b)(3) may be enrolled in the pro-
6 gram at any 1 time during the 2013 through
7 2017 fiscal years.

8 “(B) PRIORITY.—In enrolling acres under
9 subparagraph (A), the Secretary may give pri-
10 ority to land with expiring conservation reserve
11 program contracts.

12 “(C) METHOD OF ENROLLMENT.—In en-
13 rolling acres under subparagraph (A), the Sec-
14 retary shall make the program available to own-
15 ers or operators of eligible land at least once
16 during each fiscal year.”.

17 (e) DURATION OF CONTRACT.—Section 1231(e) of
18 the Food Security Act of 1985 (16 U.S.C. 3831(e)) is
19 amended by striking paragraphs (2) and (3) and inserting
20 the following:

21 “(2) SPECIAL RULE FOR CERTAIN LAND.—In
22 the case of land devoted to hardwood trees,
23 shelterbelts, windbreaks, or wildlife corridors under
24 a contract entered into under this subchapter, the
25 owner or operator of the land may, within the limita-

1 tions prescribed under this section, specify the dura-
2 tion of the contract.”.

3 (f) CONSERVATION PRIORITY AREAS.—Section
4 1231(f) of the Food Security Act of 1985 (16 U.S.C.
5 3831(f)) is amended—

6 (1) in paragraph (1), by striking “watershed
7 areas of the Chesapeake Bay Region, the Great
8 Lakes Region, the Long Island Sound Region, and
9 other”;

10 (2) in paragraph (2), by striking “WATER-
11 SHEDS.—Watersheds” and inserting “AREAS.—
12 Areas”; and

13 (3) in paragraph (3), by striking “a watershed’s
14 designation—” and all that follows through the pe-
15 riod at the end and inserting “an area’s designation
16 if the Secretary finds that the area no longer con-
17 tains actual and significant adverse water quality or
18 habitat impacts related to agricultural production
19 activities.”.

20 **SEC. 2002. FARMABLE WETLAND PROGRAM.**

21 (a) EXTENSION.—Section 1231B(a)(1) of the Food
22 Security Act of 1985 (16 U.S.C. 3831b(a)(1)) is amend-
23 ed—

24 (1) by striking “2012” and inserting “2017”;
25 and

1 (2) by striking “a program” and inserting “a
2 farmable wetland program”.

3 (b) ELIGIBLE ACREAGE.—Section 1231B(b)(1)(B) of
4 the Food Security Act of 1985 (16 U.S.C.
5 3831b(b)(1)(B)) is amended by striking “flow from a row
6 crop agriculture drainage system” and inserting “surface
7 and subsurface flow from row crop agricultural produc-
8 tion”.

9 (c) CLERICAL AMENDMENTS.—Section 1231B of the
10 Food Security Act of 1985 (16 U.S.C. 3831b) is amend-
11 ed—

12 (1) by striking the heading and inserting the
13 following:

14 **“SEC. 1231B. FARMABLE WETLAND PROGRAM.”;**

15 and

16 (2) in subsection (f)(2), by striking “section
17 1234(e)(2)(B)” and inserting “section
18 1234(e)(2)(A)(ii)”.

19 **SEC. 2003. DUTIES OF OWNERS AND OPERATORS.**

20 (a) LIMITATION ON HARVESTING, GRAZING OR COM-
21 Mercial Use of Forage.—Section 1232(a)(8) of the
22 Food Security Act of 1985 (16 U.S.C. 3832(a)(8)) is
23 amended by striking “except that” and all that follows
24 through the semicolon at the end of the paragraph and
25 inserting “except as provided in section 1233(b);”.

1 (b) CONSERVATION PLAN REQUIREMENTS.—Section
2 1232 of the Food Security Act of 1985 (16 U.S.C. 3832)
3 is amended by striking subsection (b) and inserting the
4 following:

5 “(b) CONSERVATION PLANS.—The plan referred to
6 in subsection (a)(1) shall set forth—

7 “(1) the conservation measures and practices to
8 be carried out by the owner or operator during the
9 term of the contract; and

10 “(2) the commercial use, if any, to be permitted
11 on the land during the term.”.

12 (c) RENTAL PAYMENT REDUCTION.—Section 1232
13 of the Food Security Act of 1985 (16 U.S.C. 3832) is
14 amended by striking subsection (d).

15 **SEC. 2004. DUTIES OF THE SECRETARY.**

16 Section 1233 of the Food Security Act of 1985 (16
17 U.S.C. 3833) is amended to read as follows:

18 **“SEC. 1233. DUTIES OF THE SECRETARY.**

19 “(a) COST-SHARE AND RENTAL PAYMENTS.—In re-
20 turn for a contract entered into by an owner or operator,
21 the Secretary shall—

22 “(1) share the cost of carrying out the con-
23 servation measures and practices set forth in the
24 contract for which the Secretary determines that

1 cost sharing is appropriate and in the public inter-
2 est; and

3 “(2) for a period of years not in excess of the
4 term of the contract, pay an annual rental payment
5 in an amount necessary to compensate for—

6 “(A) the conversion of highly erodible crop-
7 land or other eligible land normally devoted to
8 the production of an agricultural commodity on
9 a farm or ranch to a less intensive use;

10 “(B) the retirement of any cropland base
11 and allotment history that the owner or oper-
12 ator agrees to retire permanently; and

13 “(C) the development and management of
14 grassland for multiple natural resource con-
15 servation benefits, including soil, water, air, and
16 wildlife.

17 “(b) SPECIFIED ACTIVITIES PERMITTED.—The Sec-
18 retary shall permit certain activities or commercial uses
19 of land that is subject to the contract if those activities
20 or uses are consistent with a plan approved by the Sec-
21 retary and include—

22 “(1) harvesting, grazing, or other commercial
23 use of the forage in response to drought, flooding,
24 or other emergency without any reduction in the
25 rental rate;

1 “(2) grazing by livestock of a beginning farmer
2 or rancher without any reduction in the rental rate,
3 if the grazing is—

4 “(A) consistent with the conservation of
5 soil, water quality, and wildlife habitat (includ-
6 ing habitat during the primary nesting season
7 for critical birds in the area); and

8 “(B) described in subparagraph (B) or (C)
9 of paragraph (3);

10 “(3) consistent with the conservation of soil,
11 water quality, and wildlife habitat (including habitat
12 during the primary nesting season for critical birds
13 in the area) and in exchange for a reduction of not
14 less than 25 percent in the annual rental rate for
15 the acres covered by the authorized activity—

16 “(A) managed harvesting and other com-
17 mercial use (including the managed harvesting
18 of biomass), except that in permitting those ac-
19 tivities the Secretary, in coordination with the
20 State technical committee—

21 “(i) shall develop appropriate vegeta-
22 tion management requirements; and

23 “(ii) shall identify periods during
24 which the activities may be conducted,
25 such that the frequency is at least once

1 every 5 years but not more than once every
2 3 years;

3 “(B) prescribed grazing for the control of
4 invasive species, which may be conducted annu-
5 ally;

6 “(C) routine grazing, except that in per-
7 mitting routine grazing, the Secretary, in co-
8 ordination with the State technical committee—

9 “(i) shall develop appropriate vegeta-
10 tion management requirements and stock-
11 ing rates for the land that are suitable for
12 continued routine grazing; and

13 “(ii) shall identify the periods during
14 which routine grazing may be conducted,
15 such that the frequency is not more than
16 once every 2 years, taking into consider-
17 ation regional differences such as—

18 “(I) climate, soil type, and nat-
19 ural resources;

20 “(II) the number of years that
21 should be required between routine
22 grazing activities; and

23 “(III) how often during a year in
24 which routine grazing is permitted

1 that routine grazing should be allowed
2 to occur; and

3 “(D) the installation of wind turbines and
4 associated access, except that in permitting the
5 installation of wind turbines, the Secretary shall
6 determine the number and location of wind tur-
7 bines that may be installed, taking into ac-
8 count—

9 “(i) the location, size, and other phys-
10 ical characteristics of the land;

11 “(ii) the extent to which the land con-
12 tains threatened or endangered wildlife and
13 wildlife habitat; and

14 “(iii) the purposes of the conservation
15 reserve program under this subchapter;
16 and

17 “(4) the intermittent and seasonal use of vege-
18 tative buffer practices incidental to agricultural pro-
19 duction on land adjacent to the buffer such that the
20 permitted use does not destroy the permanent vege-
21 tative cover.

22 “(c) AUTHORIZED ACTIVITIES ON GRASSLAND.—
23 Notwithstanding section 1232(a)(8), for eligible land de-
24 scribed in section 1231(b)(3), the Secretary shall permit
25 the following activities:

1 “(1) Common grazing practices, including
2 maintenance and necessary cultural practices, on the
3 land in a manner that is consistent with maintaining
4 the viability of grassland, forb, and shrub species ap-
5 propriate to that locality.

6 “(2) Haying, mowing, or harvesting for seed
7 production, subject to appropriate restrictions dur-
8 ing the primary nesting season for critical birds in
9 the area.

10 “(3) Fire presuppression, rehabilitation, and
11 construction of fire breaks.

12 “(4) Grazing-related activities, such as fencing
13 and livestock watering.

14 “(d) RESOURCE CONSERVING USE.—

15 “(1) IN GENERAL.—Beginning on the date that
16 is 1 year before the date of termination of a contract
17 under the program, the Secretary shall allow an
18 owner or operator to make conservation and land
19 improvements that facilitate maintaining protection
20 of highly erodible land after expiration of the con-
21 tract.

22 “(2) CONSERVATION PLAN.—The Secretary
23 shall require an owner or operator carrying out the
24 activities described in paragraph (1) to develop and
25 implement a conservation plan.

1 “(3) REENROLLMENT PROHIBITED.—Land al-
2 tered under paragraph (1) may not be reenrolled in
3 the conservation reserve program for 5 years.

4 “(4) PAYMENT.—The Secretary shall provide
5 an annual payment that is reduced in an amount
6 commensurate with any income or other compensa-
7 tion received as a result of the activities carried out
8 under paragraph (1).”.

9 **SEC. 2005. PAYMENTS.**

10 (a) TREES, WINDBREAKS, SHELTERBELTS, AND
11 WILDLIFE CORRIDORS.—Section 1234(b)(3)(A) of the
12 Food Security Act of 1985 (16 U.S.C. 3834(b)(3)(A)) is
13 amended—

14 (1) in clause (i), by inserting “and” after the
15 semicolon;

16 (2) by striking clause (ii); and

17 (3) by redesignating clause (iii) as clause (ii).

18 (b) INCENTIVES.—Section 1234(b)(3)(B) of the Food
19 Security Act of 1985 (16 U.S.C. 3834(b)(3)(B)) is amend-
20 ed—

21 (1) in clause (i), by inserting “, practices to im-
22 prove the condition of resources on the land,” after
23 “operator”); and

24 (2) by adding at the end the following:

1 “(iii) INCENTIVES.—In making rental
2 payments to an owner or operator of land
3 described in subparagraph (A), the Sec-
4 retary may provide incentive payments suf-
5 ficient to encourage proper thinning and
6 practices to improve the condition of re-
7 sources on the land.”.

8 (c) ANNUAL RENTAL PAYMENTS.—Section 1234(c)
9 of the Food Security Act of 1985 (16 U.S.C. 3834(c)) is
10 amended—

11 (1) in paragraph (1), by inserting “and other
12 eligible land” after “highly erodible cropland” both
13 places it appears;

14 (2) by striking paragraph (2) and inserting the
15 following:

16 “(2) METHODS OF DETERMINATION.—

17 “(A) IN GENERAL.—The amounts payable
18 to owners or operators in the form of rental
19 payments under contracts entered into under
20 this subchapter may be determined through—

21 “(i) the submission of bids for such
22 contracts by owners and operators in such
23 manner as the Secretary may prescribe; or

24 “(ii) such other means as the Sec-
25 retary determines are appropriate.

1 “(B) GRASSLAND.—In the case of eligible
2 land described in section 1231(b)(3), the Sec-
3 retary shall make annual payments in an
4 amount that is not more than 75 percent of the
5 grazing value of the land covered by the con-
6 tract.”; and

7 (3) in paragraph (5)(A)—

8 (A) by striking “The Secretary” and in-
9 serting the following:

10 “(i) SURVEY.—The Secretary”; and

11 (B) by adding at the end the following:

12 “(ii) USE.—The Secretary may use
13 the survey of dryland cash rental rates de-
14 scribed in clause (i) as a factor in deter-
15 mining rental rates under this section as
16 the Secretary determines appropriate.”.

17 (d) PAYMENT SCHEDULE.—Section 1234 of the Food
18 Security Act of 1985 (16 U.S.C. 3834) is amended by
19 striking subsection (d) and inserting the following:

20 “(d) PAYMENT SCHEDULE.—

21 “(1) IN GENERAL.—Except as otherwise pro-
22 vided in this section, payments under this sub-
23 chapter shall be made in cash in such amount and
24 on such time schedule as is agreed on and specified
25 in the contract.

1 “(2) SOURCE.—Payments under this sub-
2 chapter shall be made using the funds of the Com-
3 modity Credit Corporation.

4 “(3) ADVANCE PAYMENT.—Payments under
5 this subchapter may be made in advance of deter-
6 mination of performance.”.

7 (e) PAYMENT LIMITATION.—Section 1234(f) of the
8 Food Security Act of 1985 (16 U.S.C. 3834(f)) is amend-
9 ed—

10 (1) in paragraph (1), by striking “, including
11 rental payments made in the form of in-kind com-
12 modities,”;

13 (2) by striking paragraph (3); and

14 (3) by redesignating paragraph (4) as para-
15 graph (2).

16 **SEC. 2006. CONTRACT REQUIREMENTS.**

17 Section 1235(f) of the Food Security Act of 1985 (16
18 U.S.C. 3835(f)) is amended—

19 (1) in paragraph (1)—

20 (A) in the matter preceding subparagraph
21 (A), by striking “DUTIES” and all that follows
22 through “a beginning farmer” and inserting
23 “TRANSITION TO COVERED FARMER OR RANCH-
24 ER.—In the case of a contract modification ap-
25 proved in order to facilitate the transfer of land

1 subject to a contract from a retired farmer or
2 rancher to a beginning farmer”;

3 (B) in subparagraph (D), by striking “the
4 farmer or rancher” and inserting “the covered
5 farmer or rancher”; and

6 (C) in subparagraph (E), by striking “sec-
7 tion 1001A(b)(3)(B)” and inserting “section
8 1001”; and

9 (2) in paragraph (2), by striking “requirement
10 of section 1231(h)(4)(B)” and inserting “option pro-
11 vided under section 1234(c)(2)(A)(ii)”.

12 **SEC. 2007. CONVERSION OF LAND SUBJECT TO CONTRACT**
13 **TO OTHER CONSERVING USES.**

14 Section 1235A of the Food Security Act of 1985 (16
15 U.S.C. 3835a) is repealed.

16 **SEC. 2008. EFFECTIVE DATE.**

17 (a) **IN GENERAL.**—The amendments made by this
18 title shall take effect on October 1, 2012, except, the
19 amendment made by section 2001(d), which shall take ef-
20 fect on the date of enactment of this Act.

21 (b) **EFFECT ON EXISTING CONTRACTS.**—

22 (1) **IN GENERAL.**—Except as provided in para-
23 graph (2), the amendments made by this title shall
24 not affect the validity or terms of any contract en-
25 tered into by the Secretary of Agriculture under sub-

1 chapter B of chapter 1 of subtitle D of title XII of
2 the Food Security Act of 1985 (16 U.S.C. 3831 et
3 seq.) before October 1, 2012, or any payments re-
4 quired to be made in connection with the contract.

5 (2) UPDATING OF EXISTING CONTRACTS.—The
6 Secretary shall permit an owner or operator with a
7 contract entered into under subchapter B of chapter
8 1 of subtitle D of title XII of the Food Security Act
9 of 1985 (16 U.S.C. 3831 et seq.) before October 1,
10 2012, to update the contract to reflect the activities
11 and uses of land under contract permitted under the
12 terms and conditions of paragraphs (1) and (2) of
13 section 1233(b) of that Act (as amended by section
14 2004).

15 **Subtitle B—Conservation** 16 **Stewardship Program**

17 **SEC. 2101. CONSERVATION STEWARDSHIP PROGRAM.**

18 (a) REVISION OF CURRENT PROGRAM.—Subchapter
19 B of chapter 2 of subtitle D of title XII of the Food Secu-
20 rity Act of 1985 (16 U.S.C. 3838d et seq.) is amended
21 to read as follows:

22 **“Subchapter B—Conservation Stewardship** 23 **Program**

24 **“SEC. 1238D. DEFINITIONS.**

25 “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 for 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—

18 (1) in subsection (b)(2), by striking “2012”
19 and inserting “2017”; and

20 (2) by adding at the end the following:

21 “(c) REPORTING.—Not later than December 31,
22 2013, and every 2 years thereafter, the Secretary shall
23 submit to the Committee on Agriculture, Nutrition, and
24 Forestry of the Senate and the Committee on Agriculture
25 of the House of Representatives a report on the status
26 of projects funded under this section, including—

1 “(1) funding awarded;
2 “(2) project results; and
3 “(3) incorporation of project findings, such as
4 new technology and innovative approaches, into the
5 conservation efforts implemented by the Secretary.”.

6 **SEC. 2208. EFFECTIVE DATE.**

7 (a) **IN GENERAL.**—The amendments made by this
8 title shall take effect on October 1, 2012.

9 (b) **EFFECT ON EXISTING CONTRACTS.**—The amend-
10 ments made by this title shall not affect the validity or
11 terms of any contract entered into by the Secretary of Ag-
12 riculture under chapter 4 of subtitle D of title XII of the
13 Food Security Act of 1985 (16 U.S.C. 3839aa et seq.)
14 before October 1, 2012, or any payments required to be
15 made in connection with the contract.

16 **Subtitle D—Agricultural**
17 **Conservation Easement Program**

18 **SEC. 2301. AGRICULTURAL CONSERVATION EASEMENT**
19 **PROGRAM.**

20 (a) **ESTABLISHMENT.**—Title XII of the Food Secu-
21 rity Act of 1985 is amended by adding at the end the fol-
22 lowing:

1 **“Subtitle H—Agricultural**
2 **Conservation Easement Program**

3 **“SEC. 1265. ESTABLISHMENT AND PURPOSES.**

4 “(a) ESTABLISHMENT.—The Secretary shall estab-
5 lish an Agricultural Conservation Easement Program for
6 the conservation of eligible land and natural resources
7 through easements or other interests in land.

8 “(b) PURPOSES.—The purposes of the program are
9 to—

10 “(1) combine the purposes and coordinate the
11 functions of the wetlands reserve program estab-
12 lished under section 1237, the grassland reserve pro-
13 gram established under section 1238N, and the
14 farmland protection program established under sec-
15 tion 1238I;

16 “(2) restore, protect, and enhance wetland on
17 eligible land;

18 “(3) protect the agricultural use, viability, and
19 related conservation values of eligible land by lim-
20 iting nonagricultural uses of that land; and

21 “(4) protect grazing uses and related conserva-
22 tion values by restoring and conserving eligible land.

23 **“SEC. 1265A. DEFINITIONS.**

24 “‘In this subtitle:

1 “(1) AGRICULTURAL LAND EASEMENT.—The
2 term ‘agricultural land easement’ means an ease-
3 ment or other interest in eligible land that—

4 “(A) is conveyed for the purposes of pro-
5 tecting natural resources and the agricultural
6 nature of the land, and of promoting agricul-
7 tural viability for future generations; and

8 “(B) permits the landowner the right to
9 continue agricultural production and related
10 uses subject to an agricultural land easement
11 plan.

12 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-
13 tity’ means—

14 “(A) an agency of State or local govern-
15 ment or an Indian tribe (including farmland
16 protection board or land resource council estab-
17 lished under State law); or

18 “(B) an organization that is—

19 “(i) organized for, and at all times
20 since the formation of the organization has
21 been operated principally for, 1 or more of
22 the conservation purposes specified in
23 clause (i), (ii), (iii), or (iv) of section
24 170(h)(4)(A) of the Internal Revenue Code
25 of 1986;

1 “(ii) an organization described in sec-
2 tion 501(c)(3) of that Code that is exempt
3 from taxation under section 501(a) of that
4 Code; or

5 “(iii) described in—

6 “(I) paragraph (1) or (2) of sec-
7 tion 509(a) of that Code; or

8 “(II) section 509(a)(3) of that
9 Code and is controlled by an organiza-
10 tion described in section 509(a)(2) of
11 that Code.

12 “(3) ELIGIBLE LAND.—The term ‘eligible land’
13 means private or tribal land that is—

14 “(A) in the case of an agricultural land
15 easement, agricultural land, including land on a
16 farm or ranch—

17 “(i) that is subject to a pending offer
18 for purchase from an eligible entity;

19 “(ii) that—

20 “(I) has prime, unique, or other
21 productive soil;

22 “(II) contains historical or ar-
23 chaeological resources; or

24 “(III) the protection of which will
25 further a State or local policy con-

1 sistent with the purposes of the pro-
2 gram; and

3 “(iii) that is—

4 “ (I) cropland;

5 “ (II) rangeland;

6 “ (III) grassland or land that con-
7 tains forbs, or shrubland for which
8 grazing is the predominant use;

9 “ (IV) pastureland; or

10 “ (V) nonindustrial private forest
11 land that contributes to the economic
12 viability of an offered parcel or serves
13 as a buffer to protect such land from
14 development;

15 “(B) in the case of a wetland easement, a
16 wetland or related area, including—

17 “(i) farmed or converted wetland, to-
18 gether with the adjacent land that is func-
19 tionally dependent on that land if the Sec-
20 retary determines it—

21 “ (I) is likely to be successfully
22 restored in a cost effective manner;
23 and

24 “ (II) will maximize the wildlife
25 benefits and wetland functions and

1 values as determined by the Secretary
2 in consultation with the Secretary of
3 the Interior at the local level;

4 “(ii) cropland or grassland that was
5 used for agricultural production prior to
6 flooding from the natural overflow of a
7 closed basin lake or pothole, as determined
8 by the Secretary, together (where prac-
9 ticable) with the adjacent land that is
10 functionally dependent on the cropland or
11 grassland;

12 “(iii) farmed wetland and adjoining
13 land that—

14 “(I) is enrolled in the conserva-
15 tion reserve program;

16 “(II) has the highest wetland
17 functions and values; and

18 “(III) is likely to return to pro-
19 duction after the land leaves the con-
20 servation reserve program;

21 “(iv) riparian areas that link wetland
22 that is protected by easements or some
23 other device that achieves the same pur-
24 pose as an easement; or

1 “(v) other wetland of an owner that
2 would not otherwise be eligible if the Sec-
3 retary determines that the inclusion of
4 such wetland in such easement would sig-
5 nificantly add to the functional value of the
6 easement; and

7 “(C) in the case of both an agricultural
8 land easement or wetland easement, other land
9 that is incidental to eligible land if the Sec-
10 retary determines that it is necessary for the ef-
11 ficient administration of the easements under
12 this program.

13 “(4) PROGRAM.—The term ‘program’ means
14 the Agricultural Conservation Easement Program
15 established by this subtitle.

16 “(5) WETLAND EASEMENT.—The term ‘wetland
17 easement’ means a reserved interest in eligible land
18 that—

19 “(A) is defined and delineated in a deed;
20 and

21 “(B) stipulates—

22 “(i) the rights, title, and interests in
23 land conveyed to the Secretary; and

24 “(ii) the rights, title, and interests in
25 land that are reserved to the landowner.

1 **“SEC. 1265B. AGRICULTURAL LAND EASEMENTS.**

2 “(a) AVAILABILITY OF ASSISTANCE.—The Secretary
3 shall facilitate and provide funding for—

4 “(1) the purchase by eligible entities of agricul-
5 tural land easements and other interests in eligible
6 land; and

7 “(2) technical assistance to provide for the con-
8 servation of natural resources pursuant to an agri-
9 cultural land easement plan.

10 “(b) COST-SHARE ASSISTANCE.—

11 “(1) IN GENERAL.—The Secretary shall provide
12 cost-share assistance to eligible entities for pur-
13 chasing agricultural land easements to protect the
14 agricultural use, including grazing, and related con-
15 servation values of eligible land.

16 “(2) SCOPE OF ASSISTANCE AVAILABLE.—

17 “(A) FEDERAL SHARE.—Subject to sub-
18 paragraph (C), an agreement described in para-
19 graph (4) shall provide for a Federal share de-
20 termined by the Secretary of an amount not to
21 exceed 50 percent of the fair market value of
22 the agricultural land easement or other interest
23 in land, as determined by the Secretary using—

24 “(i) the Uniform Standards of Profes-
25 sional Appraisal Practices;

1 “(ii) an area-wide market analysis or
2 survey; or

3 “(iii) another industry approved meth-
4 od.

5 “(B) NON-FEDERAL SHARE.—

6 “(i) IN GENERAL.—Subject to sub-
7 paragraph (C), under the agreement, the
8 eligible entity shall provide a share that is
9 at least equivalent to that provided by the
10 Secretary.

11 “(ii) SOURCE OF CONTRIBUTION.—An
12 eligible entity may include as part of its
13 share a charitable donation or qualified
14 conservation contribution (as defined by
15 section 170(h) of the Internal Revenue
16 Code of 1986) from the private landowner
17 if the eligible entity contributes its own
18 cash resources in an amount that is at
19 least 50 percent of the amount contributed
20 by the Secretary.

21 “(C) WAIVER AUTHORITY.—In the case of
22 grassland of special environmental significance,
23 as determined by the Secretary, the Secretary
24 may provide up to 75 percent of the fair market
25 value of the agricultural land easement.

1 “(3) EVALUATION AND RANKING OF APPLICA-
2 TIONS.—

3 “(A) CRITERIA.—The Secretary shall es-
4 tablish evaluation and ranking criteria to maxi-
5 mize the benefit of Federal investment under
6 the program.

7 “(B) CONSIDERATIONS.—In establishing
8 the criteria, the Secretary shall emphasize sup-
9 port for—

10 “(i) protecting agricultural uses and
11 related conservation values of the land; and

12 “(ii) maximizing the protection of
13 areas devoted to agricultural use.

14 “(C) BIDDING DOWN.—If the Secretary
15 determines that 2 or more applications for cost-
16 share assistance are comparable in achieving
17 the purpose of the program, the Secretary shall
18 not assign a higher priority to any of those ap-
19 plications solely on the basis of lesser cost to
20 the program.

21 “(4) AGREEMENTS WITH ELIGIBLE ENTITIES.—

22 “(A) IN GENERAL.—The Secretary shall
23 enter into agreements with eligible entities to
24 stipulate the terms and conditions under which

1 the eligible entity is permitted to use cost-share
2 assistance provided under this section.

3 “(B) LENGTH OF AGREEMENTS.—An
4 agreement shall be for a term that is—

5 “(i) in the case of an eligible entity
6 certified under the process described in
7 paragraph (5), a minimum of 5 years; and

8 “(ii) for all other eligible entities, at
9 least 3, but not more than 5 years.

10 “(C) MINIMUM TERMS AND CONDITIONS.—
11 An eligible entity shall be authorized to use its
12 own terms and conditions for agricultural land
13 easements so long as the Secretary determines
14 such terms and conditions—

15 “(i) are consistent with the purposes
16 of the program;

17 “(ii) are permanent or for the max-
18 imum duration allowed under applicable
19 State law;

20 “(iii) permit effective enforcement of
21 the conservation purposes of such ease-
22 ments, including appropriate restrictions
23 depending on the purposes for which the
24 easement is acquired;

1 “(iv) include a right of enforcement
2 for the Secretary if terms of the easement
3 are not enforced by the holder of the ease-
4 ment;

5 “(v) subject the land purchased to an
6 agricultural land easement plan that—

7 “(I) describes the activities which
8 promote the long-term viability of the
9 land to meet the purposes for which
10 the easement was acquired;

11 “(II) requires the management of
12 grassland according to a grassland
13 management plan; and

14 “(III) includes a conservation
15 plan, where appropriate, and requires,
16 at the option of the Secretary, the
17 conversion of highly erodible cropland
18 to less intensive uses; and

19 “(vi) include a limit on the impervious
20 surfaces to be allowed that is consistent
21 with the agricultural activities to be con-
22 ducted.

23 “(D) SUBSTITUTION OF QUALIFIED
24 PROJECTS.—An agreement shall allow, upon
25 mutual agreement of the parties, substitution of

1 qualified projects that are identified at the time
2 of the proposed substitution.

3 “(E) EFFECT OF VIOLATION.—If a viola-
4 tion occurs of a term or condition of an agree-
5 ment under this subsection—

6 “(i) the agreement may be termi-
7 nated; and

8 “(ii) the Secretary may require the el-
9 igible entity to refund all or part of any
10 payments received by the entity under the
11 program, with interest on the payments as
12 determined appropriate by the Secretary.

13 “(5) CERTIFICATION OF ELIGIBLE ENTITIES.—

14 “(A) CERTIFICATION PROCESS.—The Sec-
15 retary shall establish a process under which the
16 Secretary may—

17 “(i) directly certify eligible entities
18 that meet established criteria;

19 “(ii) enter into long-term agreements
20 with certified eligible entities; and

21 “(iii) accept proposals for cost-share
22 assistance for the purchase of agricultural
23 land easements throughout the duration of
24 such agreements.

1 “(B) CERTIFICATION CRITERIA.—In order
2 to be certified, an eligible entity shall dem-
3 onstrate to the Secretary that the entity will
4 maintain, at a minimum, for the duration of the
5 agreement—

6 “(i) a plan for administering ease-
7 ments that is consistent with the purpose
8 of this subtitle;

9 “(ii) the capacity and resources to
10 monitor and enforce agricultural land ease-
11 ments; and

12 “(iii) policies and procedures to en-
13 sure—

14 “(I) the long-term integrity of
15 agricultural land easements on eligible
16 land;

17 “(II) timely completion of acqui-
18 sitions of easements; and

19 “(III) timely and complete eval-
20 uation and reporting to the Secretary
21 on the use of funds provided under
22 the program.

23 “(C) REVIEW AND REVISION.—

24 “(i) REVIEW.—The Secretary shall
25 conduct a review of eligible entities cer-

1 tified under subparagraph (A) every 3
2 years to ensure that such entities are
3 meeting the criteria established under sub-
4 paragraph (B).

5 “(ii) REVOCATION.—If the Secretary
6 finds that the certified entity no longer
7 meets the criteria established under sub-
8 paragraph (B), the Secretary may—

9 “(I) allow the certified entity a
10 specified period of time, at a min-
11 imum 180 days, in which to take such
12 actions as may be necessary to meet
13 the criteria; and

14 “(II) revoke the certification of
15 the entity, if after the specified period
16 of time, the certified entity does not
17 meet such criteria.

18 “(c) TECHNICAL ASSISTANCE.—The Secretary may
19 provide technical assistance, if requested, to assist in—

20 “(1) compliance with the terms and conditions
21 of easements; and

22 “(2) implementation of an agricultural land
23 easement plan.

1 **“SEC. 1265C. WETLAND EASEMENTS.**

2 “(a) AVAILABILITY OF ASSISTANCE.—The Secretary
3 shall provide assistance to owners of eligible land to re-
4 store, protect, and enhance wetland through—

5 “(1) easements and related wetland easement
6 plans; and

7 “(2) technical assistance.

8 “(b) EASEMENTS.—

9 “(1) METHOD OF ENROLLMENT.—The Sec-
10 retary shall enroll eligible land through the use of—

11 “(A) 30-year easements;

12 “(B) permanent easements;

13 “(C) easements for the maximum duration
14 allowed under applicable State laws; or

15 “(D) as an option for Indian tribes only,
16 30-year contracts.

17 “(2) LIMITATIONS.—

18 “(A) INELIGIBLE LAND.—The Secretary
19 may not acquire easements on—

20 “(i) land established to trees under
21 the conservation reserve program, except in
22 cases where the Secretary determines it
23 would further the purposes of the program;
24 and

1 “(ii) farmed wetland or converted wet-
2 land where the conversion was not com-
3 menced prior to December 23, 1985.

4 “(B) CHANGES IN OWNERSHIP.—No ease-
5 ment shall be created on land that has changed
6 ownership during the preceding 24-month pe-
7 riod unless—

8 “(i) the new ownership was acquired
9 by will or succession as a result of the
10 death of the previous owner;

11 “(ii)(I) the ownership change occurred
12 because of foreclosure on the land; and

13 “(II) immediately before the fore-
14 closure, the owner of the land exercises a
15 right of redemption from the mortgage
16 holder in accordance with State law; or

17 “(iii) the Secretary determines that
18 the land was acquired under circumstances
19 that give adequate assurances that such
20 land was not acquired for the purposes of
21 placing it in the program.

22 “(3) EVALUATION AND RANKING OF OFFERS.—

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.—When evaluating
4 offers from landowners, the Secretary may con-
5 sider—

6 “(i) the conservation benefits of ob-
7 taining an easement or 30-year contract,
8 including the potential environmental bene-
9 fits if the land was removed from agricul-
10 tural production;

11 “(ii) the cost-effectiveness of each
12 easement or 30-year contract, so as to
13 maximize the environmental benefits per
14 dollar expended;

15 “(iii) whether the landowner or an-
16 other person is offering to contribute fi-
17 nancially to the cost of the easement or
18 30-year contract to leverage Federal funds;
19 and

20 “(iv) such other factors as the Sec-
21 retary determines are necessary to carry
22 out the purposes of the program.

23 “(C) PRIORITY.—The Secretary shall place
24 priority on acquiring easements based on the
25 value of the easement for protecting and en-

1 hancing habitat for migratory birds and other
2 wildlife.

3 “(4) AGREEMENT.—To be eligible to place eligi-
4 ble land into the program through a wetland ease-
5 ment, the owner of such land shall enter into an
6 agreement with the Secretary to—

7 “(A) grant an easement on such land to
8 the Secretary;

9 “(B) authorize the implementation of a
10 wetland easement plan;

11 “(C) create and record an appropriate
12 deed restriction in accordance with applicable
13 State law to reflect the easement agreed to;

14 “(D) provide a written statement of con-
15 sent to such easement signed by those holding
16 a security interest in the land;

17 “(E) comply with the terms and conditions
18 of the easement and any related agreements;
19 and

20 “(F) permanently retire any existing crop-
21 land base and allotment history for the land on
22 which the easement has been obtained.

23 “(5) TERMS AND CONDITIONS OF EASEMENT.—

24 “(A) IN GENERAL.—A wetland easement
25 shall include terms and conditions that—

1 “(i) permit—

2 “(I) repairs, improvements, and
3 inspections on the land that are nec-
4 essary to maintain existing public
5 drainage systems; and

6 “(II) owners to control public ac-
7 cess on the easement areas while iden-
8 tifying access routes to be used for
9 restoration activities and management
10 and easement monitoring;

11 “(ii) prohibit—

12 “(I) the alteration of wildlife
13 habitat and other natural features of
14 such land, unless specifically author-
15 ized by the Secretary;

16 “(II) the spraying of such land
17 with chemicals or the mowing of such
18 land, except where such spraying or
19 mowing is authorized by the Secretary
20 or is necessary—

21 “(aa) to comply with Fed-
22 eral or State noxious weed con-
23 trol laws;

1 “(bb) to comply with a Fed-
2 eral or State emergency pest
3 treatment program; or

4 “(cc) to meet habitat needs
5 of specific wildlife species;

6 “(III) any activities to be carried
7 out on the owner’s or successor’s land
8 that is immediately adjacent to, and
9 functionally related to, the land that
10 is subject to the easement if such ac-
11 tivities will alter, degrade, or other-
12 wise diminish the functional value of
13 the eligible land; and

14 “(IV) the adoption of any other
15 practice that would tend to defeat the
16 purposes of the program, as deter-
17 mined by the Secretary;

18 “(iii) provide for the efficient and ef-
19 fective establishment of wetland functions
20 and values; and

21 “(iv) include such additional provi-
22 sions as the Secretary determines are de-
23 sirable to carry out the program or facili-
24 tate the practical administration thereof.

1 “(B) VIOLATION.—On the violation of the
2 terms or conditions of the easement, the ease-
3 ment shall remain in force and the Secretary
4 may require the owner to refund all or part of
5 any payments received by the owner under the
6 program, together with interest thereon as de-
7 termined appropriate by the Secretary.

8 “(C) COMPATIBLE USES.—Land subject to
9 a wetland easement may be used for compatible
10 economic uses, including such activities as
11 hunting and fishing, managed timber harvest,
12 or periodic haying or grazing, if such use is spe-
13 cifically permitted by the wetland easement plan
14 and is consistent with the long-term protection
15 and enhancement of the wetland resources for
16 which the easement was established.

17 “(D) RESERVATION OF GRAZING
18 RIGHTS.—The Secretary may include in the
19 terms and conditions of an easement a provi-
20 sion under which the owner reserves grazing
21 rights if—

22 “(i) the Secretary determines that the
23 reservation and use of the grazing rights—

24 “(I) is compatible with the land
25 subject to the easement;

1 “(II) is consistent with the his-
2 torical natural uses of the land and
3 long-term protection and enhancement
4 goals for which the easement was es-
5 tablished; and

6 “(III) complies with the wetland
7 easement plan; and

8 “(ii) the agreement provides for a
9 commensurate reduction in the easement
10 payment to account for the grazing value,
11 as determined by the Secretary.

12 “(E) APPLICATION.—The relevant provi-
13 sions of this paragraph shall also apply to a 30-
14 year contract.

15 “(6) COMPENSATION.—

16 “(A) DETERMINATION.—

17 “(i) IN GENERAL.—The Secretary
18 shall pay as compensation for a permanent
19 easement acquired an amount necessary to
20 encourage enrollment in the program based
21 on the lowest of—

22 “(I) the fair market value of the
23 land, as determined by the Secretary,
24 using the Uniform Standards of Pro-

1 professional Appraisal Practices or an
2 area-wide market analysis or survey;

3 “(II) the amount corresponding
4 to a geographical cap, as determined
5 by the Secretary in regulations; or

6 “(III) the offer made by the
7 landowner.

8 “(ii) OTHER.—Compensation for a
9 30-year contract or 30-year easement shall
10 be not less than 50 percent, but not more
11 than 75 percent, of the compensation that
12 would be paid for a permanent easement.

13 “(B) FORM OF PAYMENT.—Compensation
14 shall be provided by the Secretary in the form
15 of a cash payment, in an amount determined
16 under subparagraph (A).

17 “(C) PAYMENT SCHEDULE.—

18 “(i) EASEMENTS VALUED AT LESS
19 THAN \$500,000.—For easements valued at
20 \$500,000 or less, the Secretary may pro-
21 vide easement payments in not more than
22 10 annual payments.

23 “(ii) EASEMENTS VALUED AT MORE
24 THAN \$500,000.—For easements valued at
25 more than \$500,000, the Secretary may

1 provide easement payments in at least 5,
2 but not more than 10 annual payments,
3 except that, if the Secretary determines it
4 would further the purposes of the program,
5 the Secretary may make a lump sum pay-
6 ment for such an easement.

7 “(c) EASEMENT RESTORATION.—

8 “(1) IN GENERAL.—The Secretary shall provide
9 financial assistance to carry out the establishment of
10 conservation measures and practices and protect
11 wetland functions and values, including necessary
12 maintenance activities, as set forth in a wetland
13 easement plan.

14 “(2) PAYMENTS.—The Secretary shall—

15 “(A) in the case of a permanent easement,
16 pay an amount that is not less than 75 percent,
17 but not more than 100 percent, of the eligible
18 costs; and

19 “(B) in the case of a 30-year contract or
20 30-year easement, pay an amount that is not
21 less than 50 percent, but not more than 75 per-
22 cent, of the eligible costs.

23 “(d) TECHNICAL ASSISTANCE.—

1 “(1) IN GENERAL.—The Secretary shall assist
2 owners in complying with the terms and conditions
3 of easements and 30-year contracts.

4 “(2) CONTRACTS OR AGREEMENTS.—The Sec-
5 retary may enter into 1 or more contracts with pri-
6 vate entities or agreements with a State, non-govern-
7 mental organization, or Indian tribe to carry out
8 necessary restoration, enhancement or maintenance
9 of an easement if the Secretary determines that the
10 contract or agreement will advance the purposes of
11 the program.

12 “(e) WETLAND ENHANCEMENT OPTION.—The Sec-
13 retary may enter into 1 or more agreements with a State
14 (including a political subdivision or agency of a State),
15 nongovernmental organization, or Indian tribe to carry out
16 a special wetland enhancement option that the Secretary
17 determines would advance the purposes of the program.

18 “(f) ADMINISTRATION.—

19 “(1) WETLAND EASEMENT PLAN.—The Sec-
20 retary shall develop a wetland easement plan for eli-
21 gible land subject to a wetland easement, which will
22 include the practices and activities necessary to re-
23 store, protect, enhance, and maintain the enrolled
24 land.

1 “(2) DELEGATION OF EASEMENT ADMINISTRA-
2 TION.—

3 “(A) IN GENERAL.—The Secretary may
4 delegate any of the easement management,
5 monitoring, and enforcement responsibilities of
6 the Secretary to other Federal or State agencies
7 that have the appropriate authority, expertise
8 and resources necessary to carry out such dele-
9 gated responsibilities or to other conservation
10 organizations if the Secretary determines the
11 organization has similar expertise and re-
12 sources.

13 “(B) LIMITATION.—The Secretary shall
14 not delegate any of the monitoring or enforce-
15 ment responsibilities under the program to con-
16 servation organizations.

17 “(3) PAYMENTS.—

18 “(A) TIMING OF PAYMENTS.—The Sec-
19 retary shall provide payment for obligations in-
20 curred by the Secretary under this section—

21 “(i) with respect to any easement res-
22 toration obligation as soon as possible after
23 the obligation is incurred; and

24 “(ii) with respect to any annual ease-
25 ment payment obligation incurred by the

1 Secretary as soon as possible after October
2 1 of each calendar year.

3 “(B) PAYMENTS TO OTHERS.—If an owner
4 who is entitled to a payment dies, becomes in-
5 competent, is otherwise unable to receive such
6 payment, or is succeeded by another person or
7 entity who renders or completes the required
8 performance, the Secretary shall make such
9 payment, in accordance with regulations pre-
10 scribed by the Secretary and without regard to
11 any other provision of law, in such manner as
12 the Secretary determines is fair and reasonable
13 in light of all of the circumstances.

14 **“SEC. 1265D. ADMINISTRATION.**

15 “(a) INELIGIBLE LAND.—The Secretary may not ac-
16 quire an easement under the program on—

17 “(1) land owned by an agency of the United
18 States, other than land held in trust for Indian
19 tribes;

20 “(2) land owned in fee title by a State, includ-
21 ing an agency or a subdivision of a State, or a unit
22 of local government;

23 “(3) land subject to an easement or deed re-
24 striction which, as determined by the Secretary, pro-

1 vides similar protection as would be provided by en-
2 rollment in the program; and

3 “(4) land where the purposes of the program
4 would be undermined due to on-site or off-site condi-
5 tions, such as risk of hazardous substances, pro-
6 posed or existing rights of way, infrastructure devel-
7 opment, or adjacent land uses.

8 “(b) PRIORITY.—In evaluating applications under the
9 program, the Secretary may give priority to land that is
10 currently enrolled in the conservation reserve program in
11 a contract that is set to expire within 1 year and—

12 “(1) in the case of an agricultural land ease-
13 ment, is grassland that would benefit from protec-
14 tion under a long-term easement; and

15 “(2) in the case of a wetland easement, is a
16 wetland or related area with the highest functions
17 and values and is likely to return to production after
18 the land leaves the conservation reserve program.

19 “(c) SUBORDINATION, EXCHANGE, MODIFICATION,
20 AND TERMINATION.—

21 “(1) IN GENERAL.—The Secretary may subor-
22 dinate, exchange, terminate, or modify any interest
23 in land, or portion of such interest, administered by
24 the Secretary, either directly or on behalf of the

1 Commodity Credit Corporation under the program
2 when the Secretary determines that—

3 “(A) it is in the Federal Government’s in-
4 terest to subordinate, exchange, modify or ter-
5 minate the interest in land;

6 “(B) the subordination, exchange, modi-
7 fication, or termination action—

8 “(i) will address a compelling public
9 need for which there is no practicable al-
10 ternative, or

11 “(ii) such action will further the prac-
12 tical administration of the program; and

13 “(C) the subordination, exchange, modi-
14 fication, or termination action will result in
15 comparable conservation value and equivalent
16 or greater economic value to the United States.

17 “(2) CONSULTATION.—The Secretary shall
18 work with the current owner, and eligible entity if
19 applicable, to address any subordination, exchange,
20 termination, or modification of the interest, or por-
21 tion of such interest in land.

22 “(3) NOTICE.—At least 90 days before taking
23 any termination action described in paragraph (1),
24 the Secretary shall provide written notice of such ac-
25 tion to the Committee on Agriculture of the House

1 of Representatives and the Committee on Agri-
2 culture, Nutrition, and Forestry of the Senate.

3 “(d) LAND ENROLLED IN OTHER PROGRAMS.—

4 “(1) CONSERVATION RESERVE PROGRAM.—The
5 Secretary may terminate or modify an existing con-
6 tract entered into under section 1231(a) if eligible
7 land that is subject to such contract is transferred
8 into the program.

9 “(2) OTHER.—Land enrolled in the wetlands
10 reserve program, grassland reserve program, or
11 farmland protection program shall be considered en-
12 rolled in this program.

13 “(e) ALLOCATION OF FUNDS FOR AGRICULTURAL
14 LAND EASEMENTS.—Of the funds made available under
15 section 1241 to carry out the program for a fiscal year,
16 the Secretary shall, to the extent practicable, use no less
17 than 40 percent for agricultural land easements.”.

18 (b) COMPLIANCE WITH CERTAIN REQUIREMENTS.—
19 Before an eligible entity or owner of eligible land may re-
20 ceive assistance under subtitle H of title XII of the Food
21 Security Act of 1985, the eligible entity or person shall
22 agree, during the crop year for which the assistance is pro-
23 vided and in exchange for the assistance—

1 (1) to comply with applicable conservation re-
2 quirements under subtitle B of title XII of that Act
3 (16 U.S.C. 3811 et seq.); and

4 (2) to comply with applicable wetland protection
5 requirements under subtitle C of title XII of that
6 Act (16 U.S.C. 3821 et seq.).

7 (c) CROSS REFERENCE.—Section 1244 of the Food
8 Security Act of 1985 (16 U.S.C. 3844) is amended—

9 (1) in subsection (c)—

10 (A) in paragraph (1)—

11 (i) by inserting “and” at the end of
12 subparagraph (A);

13 (ii) by striking “and” at the end of
14 subparagraph (B); and

15 (iii) by striking subparagraph (C);

16 (B) by redesignating paragraph (2) as
17 paragraph (3); and

18 (C) by inserting after paragraph (1) the
19 following:

20 “(2) the Agricultural Conservation Easement
21 Program established under subtitle H; and”;

22 (2) in subsection (f)—

23 (A) in paragraph (1)—

24 (i) in subparagraph (A), by striking
25 “programs administered under subchapters

1 B and C of chapter 1 of subtitle D” and
2 inserting “conservation reserve program
3 established under subchapter B of chapter
4 1 of subtitle D and the Agricultural Con-
5 servation Easement Program under sub-
6 title H using wetland easements under sec-
7 tion 1265C”; and

8 (ii) in subparagraph (B), by striking
9 “subchapter C of chapter 1 of subtitle D”
10 and inserting “the Agricultural Conserva-
11 tion Easement Program under subtitle H
12 using wetland easements under section
13 1265C”; and

14 (B) in paragraph (4), by striking “sub-
15 chapter C” and inserting “subchapter B”.

16 (d) EFFECTIVE DATE.—The amendments made by
17 this section shall take effect on October 1, 2012.

18 **Subtitle E—Regional Conservation** 19 **Partnership Program**

20 **SEC. 2401. REGIONAL CONSERVATION PARTNERSHIP PRO-** 21 **GRAM.**

22 (a) IN GENERAL.—Title XII of the Food Security
23 Act of 1985 is amended by inserting after subtitle H (as
24 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, sediment reduction, or
17 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) APPLICATION SELECTION.—

23 “(A) PRIORITY TO CERTAIN APPLICA-
24 TIONS.—The Secretary shall give a higher pri-
25 ority to applications that—

1 “(i) assist producers in meeting or
2 avoiding the need for a natural resource
3 regulatory requirement;

4 “(ii) significantly leverage non-Fed-
5 eral financial and technical resources and
6 coordinate with other local, State, regional,
7 or national efforts;

8 “(iii) deliver high percentages of ap-
9 plied conservation to address conservation
10 priorities or local, State, regional, or na-
11 tional conservation initiatives; or

12 “(iv) provide innovation in conserva-
13 tion methods and delivery, including out-
14 come-based performance measures and
15 methods.

16 “(B) OTHER APPLICATIONS.—The Sec-
17 retary may give priority to applications that—

18 “(i) have a high percentage of pro-
19 ducers in the area to be covered by the
20 agreement; or

21 “(ii) meet other factors that are im-
22 portant for achieving the purposes of the
23 program, as determined by the Secretary.

1 **“SEC. 1271C. ASSISTANCE TO PRODUCERS.**

2 “(a) IN GENERAL.—The Secretary shall enter into
3 contracts to provide financial and technical assistance
4 to—

5 “(1) producers participating in a project with
6 an eligible partner as described in section 1271B; or

7 “(2) producers that fit within the scope of a
8 project described in section 1271B or a critical con-
9 servation area designated pursuant to section
10 1271F, but who are seeking to implement an eligible
11 activity independent of a partner.

12 “(b) TERMS AND CONDITIONS.—

13 “(1) CONSISTENCY WITH PROGRAM RULES.—

14 “(A) IN GENERAL.—Except as provided in
15 subparagraph (B), the Secretary shall ensure
16 that the terms and conditions of a contract
17 under this section are consistent with the appli-
18 cable rules of the covered programs to be used
19 as part of the project, as described in the appli-
20 cation under section 1271B(d)(3)(C).

21 “(B) ADJUSTMENTS.—Except for statu-
22 tory program requirements governing appeals,
23 payment limitations, and conservation compli-
24 ance, the Secretary may adjust the discre-
25 tionary program rules of a covered program—

1 “(i) to provide a simplified application
2 and evaluation process; and

3 “(ii) to better reflect unique local cir-
4 cumstances and purposes if the Secretary
5 determines such adjustments are necessary
6 to achieve the purposes of the program.

7 “(2) ALTERNATIVE FUNDING ARRANGE-
8 MENTS.—

9 “(A) IN GENERAL.—For the purposes of
10 providing assistance for land described in sub-
11 section (a) and section 1271F, the Secretary
12 may enter into alternative funding arrange-
13 ments with a multistate water resource agency
14 or authority if—

15 “(i) the Secretary determines that the
16 goals and objectives of the program will be
17 met by the alternative funding arrange-
18 ments;

19 “(ii) the agency or authority certifies
20 that the limitations established under this
21 section on agreements with individual pro-
22 ducers will not be exceeded; and

23 “(iii) all participating producers meet
24 applicable payment eligibility provisions.

1 “(B) CONDITIONS.—As a condition on re-
2 ceipt of funding under subparagraph (A), the
3 multistate water resource agency or authority
4 shall agree—

5 “(i) to submit an annual independent
6 audit to the Secretary that describes the
7 use of funds under this paragraph;

8 “(ii) to provide any data necessary for
9 the Secretary to issue a report on the use
10 of funds under this paragraph; and

11 “(iii) not to use any funds for admin-
12 istration or contracting with another enti-
13 ty.

14 “(C) LIMITATION.—The Secretary may
15 enter into not more than 10 alternative funding
16 arrangements under this paragraph.

17 “(c) PAYMENTS.—

18 “(1) IN GENERAL.—In accordance with statu-
19 tory requirements of the covered programs involved,
20 the Secretary may make payments to a producer in
21 an amount determined by the Secretary to be nec-
22 essary to achieve the purposes of the program.

23 “(2) PAYMENTS TO CERTAIN PRODUCERS.—The
24 Secretary may provide payments for a period of 5
25 years—

1 “(A) to producers participating in a
2 project that addresses water quantity concerns
3 and in an amount sufficient to encourage con-
4 version from irrigated to dryland farming; and

5 “(B) to producers participating in a
6 project that addresses water quality concerns
7 and in an amount sufficient to encourage adop-
8 tion of conservation practices and systems that
9 improve nutrient management.

10 “(3) WAIVER AUTHORITY.—To assist in the im-
11 plementation of the program, the Secretary may
12 waive the applicability of the limitation in section
13 1001D(b)(2) of this Act for participating producers
14 if the Secretary determines that the waiver is nec-
15 essary to fulfill the objectives of the program.

16 **“SEC. 1271D. FUNDING.**

17 “(a) AVAILABILITY OF FUNDS.—The Secretary shall
18 use \$100,000,000 of the funds of the Commodity Credit
19 Corporation for each of fiscal years 2013 through 2017
20 to carry out the program established under this subtitle.

21 “(b) DURATION OF AVAILABILITY.—Funds made
22 available under subsection (a) shall remain available until
23 expended.

24 “(c) ADDITIONAL FUNDING AND ACRES.—

1 “(1) IN GENERAL.—In addition to the funds
2 made available under subsection (a), the Secretary
3 shall reserve 8 percent of the funds and acres made
4 available for a covered program for each of fiscal
5 years 2013 through 2017 in order to ensure addi-
6 tional resources are available to carry out this pro-
7 gram.

8 “(2) UNUSED FUNDS AND ACRES.—Any funds
9 or acres reserved under paragraph (1) for a fiscal
10 year from a covered program that are not obligated
11 under this program by April 1 of that fiscal year
12 shall be returned for use under the covered program.

13 “(d) ALLOCATION OF FUNDING.—Of the funds and
14 acres made available for the program under subsections
15 (a) and (c), the Secretary shall allocate—

16 “(1) 25 percent of the funds and acres to
17 projects based on a State competitive process admin-
18 istered by the State conservationist, with the advice
19 of the State technical committee;

20 “(2) 40 percent of the funds and acres to
21 projects based on a national competitive process to
22 be established by the Secretary; and

23 “(3) 35 percent of the funds and acres to
24 projects for the critical conservation areas des-
25 ignated in section 1271F.

1 “(e) LIMITATION ON ADMINISTRATIVE EXPENSES.—
2 None of the funds made available under the program may
3 be used to pay for the administrative expenses of partners.

4 **“SEC. 1271E. ADMINISTRATION.**

5 “(a) DISCLOSURE.—In addition to the criteria used
6 in evaluating applications as described in section
7 1271B(d)(2), the Secretary shall make publicly available
8 information on projects selected through the competitive
9 process described in section 1271B(d)(1).

10 “(b) REPORTING.—Not later than December 31,
11 2013, and for every 2 years thereafter, the Secretary shall
12 submit to the Committee on Agriculture of the House of
13 Representatives and the Committee on Agriculture, Nutri-
14 tion, and Forestry of the Senate a report on the status
15 of projects funded under the program, including—

16 “(1) the number and types of partners and pro-
17 ducers participating in the partnership agreements
18 selected;

19 “(2) the number of producers receiving assist-
20 ance;

21 “(3) total funding committed to projects, in-
22 cluding Federal and non-Federal resources; and

23 “(4) a description of how the funds under sec-
24 tion 1271C(b)(3) are being administered, includ-
25 ing—

1 “(A) any oversight mechanisms that the
2 Secretary has implemented;

3 “(B) the process through which the Sec-
4 retary is resolving appeals by program partici-
5 pants; and

6 “(C) the means by which the Secretary is
7 tracking adherence to any applicable provisions
8 for payment eligibility.

9 **“SEC. 1271F. CRITICAL CONSERVATION AREAS.**

10 “(a) IN GENERAL.—When administering the funding
11 described in section 1271D(d)(3), the Secretary shall se-
12 lect applications for partnership agreements and producer
13 contracts within designated critical conservation areas.

14 “(b) CRITICAL CONSERVATION AREA DESIGNA-
15 TIONS.—

16 “(1) IN GENERAL.—The Secretary shall des-
17 ignate up to 6 geographical areas as critical con-
18 servation areas based on the degree to which an
19 area—

20 “(A) includes multiple States with signifi-
21 cant agricultural production;

22 “(B) is covered by an existing regional,
23 State, binational, or multistate agreement or
24 plan that has established objectives, goals and

1 work plans and is adopted by a Federal, State,
2 or regional authority;

3 “(C) has water quality concerns, including
4 concerns for reducing erosion, promoting sedi-
5 ment control, and addressing nutrient manage-
6 ment activities affecting large bodies of water of
7 regional, national, or international significance;

8 “(D) has water quantity concerns, includ-
9 ing—

10 “(i) concerns for groundwater, surface
11 water, aquifer, or other water sources; or

12 “(ii) a need to promote water reten-
13 tion and flood prevention; or

14 “(E) is subject to regulatory requirements
15 that could reduce the economic scope of agricul-
16 tural operations within the area.

17 “(2) EXPIRATION.—Critical conservation area
18 designations under this section shall expire after 5
19 years, subject to redesignation, except that the Sec-
20 retary may withdraw designation from an area if the
21 Secretary finds the area no longer meets the condi-
22 tions described in paragraph (1).

23 “(c) ADMINISTRATION.—

24 “(1) IN GENERAL.—Except as provided in para-
25 graph (2), the Secretary shall administer any part-

1 nership agreement or producer contract under this
2 section in a manner that is consistent with the terms
3 of the program.

4 “(2) RELATIONSHIP TO EXISTING ACTIVITY.—
5 The Secretary shall, to the maximum extent prac-
6 ticable, ensure that eligible activities carried out in
7 critical conservation areas designated under this sec-
8 tion complement and are consistent with other Fed-
9 eral and State programs and water quality and
10 quantity strategies.”.

11 (b) EFFECTIVE DATE.—The amendment made by
12 this section shall take effect on October 1, 2012.

13 **Subtitle F—Other Conservation** 14 **Programs**

15 **SEC. 2501. CONSERVATION OF PRIVATE GRAZING LAND.**

16 Section 1240M(e) of the Food Security Act of 1985
17 (16 U.S.C. 3839bb(e)) is amended inserting “and
18 \$30,000,000 for each of fiscal years 2013 through 2017”
19 before the period at the end.

20 **SEC. 2502. GRASSROOTS SOURCE WATER PROTECTION** 21 **PROGRAM.**

22 Section 1240O(b) of the Food Security Act of 1985
23 (16 U.S.C. 3839bb–2(b)) is amended by inserting “and
24 \$15,000,000 for each of fiscal years 2013 through 2017”
25 before the period at the end.

1 **SEC. 2503. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**
2 **CENTIVE PROGRAM.**

3 (a) **FUNDING.**—Section 1240R(f) of the Food Secu-
4 rity Act of 1985 (16 U.S.C. 3839bb–5(f)) is amended by
5 inserting “and \$40,000,000 for the period of fiscal years
6 2013 through 2017” before the period at the end .

7 (b) **REPORT ON PROGRAM EFFECTIVENESS.**—Not
8 later than 2 years after the date of enactment of this Act,
9 the Secretary of Agriculture shall submit to the Com-
10 mittee on Agriculture of the House of Representatives and
11 the Committee on Agriculture, Nutrition, and Forestry of
12 the Senate a report evaluating the effectiveness of the vol-
13 untary public access and habitat incentive program estab-
14 lished by section 1240R of the Food Security Act of 1985
15 (16 U.S.C. 3839bb–5), including—

16 (1) identifying cooperating agencies;

17 (2) identifying the number of land holdings and
18 total acres enrolled by State;

19 (3) evaluating the extent of improved access on
20 eligible land, improved wildlife habitat, and related
21 economic benefits; and

22 (4) any other relevant information and data re-
23 lating to the program that would be helpful to such
24 Committees.

25 (c) **EFFECTIVE DATE.**—The amendment made by
26 this section shall take effect on October 1, 2012.

1 **SEC. 2504. AGRICULTURE CONSERVATION EXPERIENCED**
2 **SERVICES PROGRAM.**

3 (a) FUNDING.—Section 1252 of the Food Security
4 Act of 1985 (16 U.S.C. 3851) is amended by striking sub-
5 section (c) and inserting the following:

6 “(c) FUNDING.—

7 “(1) IN GENERAL.—The Secretary may carry
8 out the ACES program using funds made available
9 to carry out each program under this title.

10 “(2) EXCLUSION.—Funds made available to
11 carry out the conservation reserve program may not
12 be used to carry out the ACES program.”.

13 (b) EFFECTIVE DATE.—The amendment made by
14 this section shall take effect on October 1, 2012.

15 **SEC. 2505. SMALL WATERSHED REHABILITATION PRO-**
16 **GRAM.**

17 Section 14(h)(2)(E) of the Watershed Protection and
18 Flood Prevention Act (16 U.S.C. 1012(h)(2)(E)) is
19 amended by striking “2012” and inserting “2017”.

20 **SEC. 2506. TERMINAL LAKES ASSISTANCE.**

21 Section 2507 of the Food, Security, and Rural Invest-
22 ment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–
23 171) is amended to read as follows:

24 **“SEC. 2507. TERMINAL LAKES ASSISTANCE.**

25 “(a) DEFINITIONS.—In this section:

1 “(1) ELIGIBLE LAND.—The term ‘eligible land’
2 means privately owned agricultural land (including
3 land in which a State has a property interest as a
4 result of state water law)—

5 “(A) that a landowner voluntarily agrees to
6 sell to a State; and

7 “(B) which—

8 “(i)(I) is ineligible for enrollment as a
9 wetland easement established under the
10 Agricultural Conservation Easement Pro-
11 gram under subtitle H of the Food Secu-
12 rity Act of 1985;

13 “(II) is flooded to—

14 “(aa) an average depth of at
15 least 6.5 feet; or

16 “(bb) a level below which the
17 State determines the management of
18 the water level is beyond the control
19 of the State or landowner; or

20 “(III) is inaccessible for agricultural
21 use due to the flooding of adjoining prop-
22 erty (such as islands of agricultural land
23 created by flooding);

1 “(ii) is located within a watershed
2 with water rights available for lease or
3 purchase; and

4 “(iii) has been used during at least 5
5 of the immediately preceding 30 years—

6 “(I) to produce crops or hay; or

7 “(II) as livestock pasture or
8 grazing.

9 “(2) PROGRAM.—The term ‘program’ means
10 the voluntary land purchase program established
11 under this section.

12 “(3) TERMINAL LAKE.—The term ‘terminal
13 lake’ means a lake and its associated riparian and
14 watershed resources that is—

15 “(A) considered flooded because there is no
16 natural outlet for water accumulating in the
17 lake or the associated riparian area such that
18 the watershed and surrounding land is consist-
19 ently flooded; or

20 “(B) considered terminal because it has no
21 natural outlet and is at risk due to a history of
22 consistent Federal assistance to address critical
23 resource conditions, including insufficient water
24 available to meet the needs of the lake, general
25 uses, and water rights.

1 “(b) ASSISTANCE.—The Secretary shall—

2 “(1) provide grants under subsection (c) for the
3 purchase of eligible land impacted by a terminal lake
4 described in subsection (a)(3)(A); and

5 “(2) provide funds to the Secretary of the Inte-
6 rior pursuant to subsection (e)(2) with assistance in
7 accordance with subsection (d) for terminal lakes de-
8 scribed in subsection (a)(3)(B).

9 “(c) LAND PURCHASE GRANTS.—

10 “(1) IN GENERAL.—Using funds provided
11 under subsection (e)(1), the Secretary shall make
12 available land purchase grants to States for the pur-
13 chase of eligible land in accordance with this sub-
14 section.

15 “(2) IMPLEMENTATION.—

16 “(A) AMOUNT.—A land purchase grant
17 shall be in an amount not to exceed the lesser
18 of—

19 “(i) 50 percent of the total purchase
20 price per acre of the eligible land; or

21 “(ii)(I) in the case of eligible land
22 that was used to produce crops or hay,
23 \$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 administer and provide financial assistance
11 to carry out this subsection to provide water and as-
12 sistance to a terminal lake described in subsection
13 (a)(3)(B) through willing sellers or willing partici-
14 pants only—

15 “(A) to lease water;

16 “(B) to purchase land, water appurtenant
17 to the land, and related interests; and

18 “(C) to carry out research, support and
19 conservation activities for associated fish, wild-
20 life, plant, and habitat resources.”

21 “(2) EXCLUSIONS.—The Secretary of the Inte-
22 rior may not use this subsection to deliver assistance
23 to the Great Salt Lake in Utah, lakes that are con-
24 sidered dry lakes, or other lakes that do not meet

1 the purposes of this section, as determined by the
2 Secretary of the Interior.

3 “(3) TRANSITIONAL PROVISION.—

4 “(A) IN GENERAL.—Notwithstanding any
5 other provision of this section, any funds made
6 available before the date of enactment of the
7 Agriculture Reform, Food, and Jobs Act of
8 2012 under a provision of law described in sub-
9 paragraph (B) shall remain available using the
10 provisions of law (including regulations) in ef-
11 fect on the day before the date of enactment of
12 that Act.

13 “(B) DESCRIBED LAWS.—The provisions
14 of law described in this section are—

15 “(i) section 2507 of the Farm Secu-
16 rity and Rural Investment Act of 2002 (43
17 U.S.C. 2211 note; Public Law 107–171)
18 (as in effect on the day before the date of
19 enactment of the Agriculture Reform,
20 Food, and Jobs Act of 2012);

21 “(ii) section 207 of the Energy and
22 Water Development Appropriations Act,
23 2003 (Public Law 108–7; 117 Stat. 146);

24 “(iii) section 208 of the Energy and
25 Water Development Appropriations Act,

1 2006 (Public Law 109–103; 119 Stat.
2 2268, 123 Stat. 2856); and

3 “(iv) section 208 of the Energy and
4 Water Development and Related Agencies
5 Appropriations Act, 2010 (Public Law
6 111–85; 123 Stat. 2858, 123 Stat. 2967,
7 125 Stat. 867).

8 “(e) FUNDING.—

9 “(1) AUTHORIZATION OF APPROPRIATIONS.—

10 There is authorized to be appropriated to the Sec-
11 retary to carry out subsection (c) \$25,000,000, to
12 remain available until expended.

13 “(2) COMMODITY CREDIT CORPORATION.—As
14 soon as practicable after the date of enactment of
15 the Agriculture Reform, Food, and Jobs Act of
16 2012, the Secretary shall transfer to the Bureau of
17 Reclamation Water and Related Resources Account
18 \$150,000,000 from the funds of the Commodity
19 Credit Corporation to carry out subsection (d), to re-
20 main available until expended.”.

1 **Subtitle G—Funding and**
2 **Administration**

3 **SEC. 2601. FUNDING.**

4 (a) IN GENERAL.—Section 1241 of the Food Security
5 Act of 1985 (16 U.S.C. 3841) is amended by striking sub-
6 section (a) and inserting the following:

7 “(a) ANNUAL FUNDING.—For each of fiscal years
8 2013 through 2017, the Secretary shall use the funds, fa-
9 cilities, and authorities of the Commodity Credit Corpora-
10 tion to carry out the following programs under this title
11 (including the provision of technical assistance):

12 “(1) The conservation reserve program under
13 subchapter B of chapter 1 of subtitle D, including,
14 to the maximum extent practicable—

15 “(A) \$10,000,000 for the period of fiscal
16 years 2013 through 2017 to provide payments
17 under paragraph (3) of section 1234(b) in con-
18 nection with thinning activities conducted on
19 land described in subparagraph (B)(iii) of that
20 paragraph; and

21 “(B) \$50,000,000 for the period of fiscal
22 years 2013 through 2017 to carry out section
23 1235(f) to facilitate the transfer of land subject
24 to contracts from retired or retiring owners and

1 operators to beginning farmers or ranchers and
2 socially disadvantaged farmers or ranchers.

3 “(2) The Agricultural Conservation Easement
4 Program under subtitle H using to the maximum ex-
5 tent practicable—

6 “(A) \$223,000,000 for fiscal year 2013;

7 “(B) \$702,000,000 for fiscal year 2014;

8 “(C) \$500,000,000 for fiscal year 2015;

9 “(D) \$525,000,000 for fiscal year 2016;

10 and

11 “(E) \$250,000,000 for fiscal year 2017.

12 “(3) The conservation security program under
13 subchapter A of chapter 2 of subtitle D, using such
14 sums as are necessary to administer contracts en-
15 tered into before September 30, 2008.

16 “(4) The conservation stewardship program
17 under subchapter B of chapter 2 of subtitle D.

18 “(5) The environmental quality incentives pro-
19 gram under chapter 4 of subtitle D, using, to the
20 maximum extent practicable—

21 “(A) \$1,455,000,000 for fiscal year 2013;

22 “(B) \$1,645,000,000 for fiscal year 2014;

23 and

24 “(C) \$1,650,000,000 for each of fiscal
25 years 2015 through 2017.”.

1 (b) GUARANTEED AVAILABILITY OF FUNDS.—Sec-
2 tion 1241 of the Food Security Act of 1985 (16 U.S.C.
3 3841) is amended—

4 (1) by redesignating subsections (b) through (h)
5 as subsections (c) through (i), respectively; and

6 (2) by inserting after subsection (a) the fol-
7 lowing:

8 “(b) AVAILABILITY OF FUNDS.—Amounts made
9 available by subsection (a) shall be used by the Secretary
10 to carry out the programs specified in such subsection for
11 fiscal years 2013 through 2017 and shall remain available
12 until expended. Amounts made available for the programs
13 specified in such subsection during a fiscal year through
14 modifications, cancellations, terminations, and other re-
15 lated administrative actions and not obligated in that fis-
16 cal year shall remain available for obligation during subse-
17 quent fiscal years, but shall reduce the amount of addi-
18 tional funds made available in the subsequent fiscal year
19 by an amount equal to the amount remaining unobli-
20 gated.”.

21 (c) EFFECTIVE DATE.—The amendments made by
22 this section shall take effect on October 1, 2012.

23 **SEC. 2602. TECHNICAL ASSISTANCE.**

24 Section 1241 of the Food Security Act of 1985 (16
25 U.S.C. 3841) is amended by striking subsection (c) (as

1 redesignated by section 2601(b)(1)) and inserting the fol-
2 lowing:

3 “(c) TECHNICAL ASSISTANCE.—

4 “(1) AVAILABILITY OF FUNDS.—Commodity
5 Credit Corporation funds made available for a fiscal
6 year for each of the programs specified in subsection
7 (a)—

8 “(A) shall be available for the provision of
9 technical assistance for the programs for which
10 funds are made available as necessary to imple-
11 ment the programs effectively; and

12 “(B) shall not be available for the provi-
13 sion of technical assistance for conservation
14 programs specified in subsection (a) other than
15 the program for which the funds were made
16 available.

17 “(2) REPORT.—Not later than December 31,
18 2012, the Secretary shall submit (and update as
19 necessary in subsequent years) to the Committee on
20 Agriculture of the House of Representatives and the
21 Committee on Agriculture, Nutrition, and Forestry
22 of the Senate a report—

23 “(A) detailing the amount of technical as-
24 sistance funds requested and apportioned in

1 each program specified in subsection (a) during
2 the preceding fiscal year; and

3 “(B) any other data relating to this provi-
4 sion that would be helpful to such Commit-
5 tees.”.

6 **SEC. 2603. REGIONAL EQUITY.**

7 Section 1241 of the Food Security Act of 1985 (16
8 U.S.C. 3841) is amended by striking subsection (e) (as
9 redesignated by section 2601(b)(1)) and inserting the fol-
10 lowing:

11 “(e) REGIONAL EQUITY.—

12 “(1) EQUITABLE DISTRIBUTION.—When deter-
13 mining funding allocations each fiscal year, the Sec-
14 retary shall, after considering available funding and
15 program demand in each State, provide a distribu-
16 tion of funds for conservation programs under sub-
17 title D (excluding the conservation reserve program
18 under subchapter B of chapter 1), subtitle H (ex-
19 cluding wetland easements under section 1265C),
20 and subtitle I to ensure equitable program participa-
21 tion proportional to historical funding allocations
22 and usage by all States.

23 “(2) MINIMUM PERCENTAGE.—In determining
24 the specific funding allocations under paragraph (1),
25 the Secretary shall—

1 “(A) ensure that during the first quarter
2 of each fiscal year each State has the oppor-
3 tunity to establish that the State can use an ag-
4 gregate allocation amount of at least 0.6 per-
5 cent of the funds made available for those con-
6 servation programs; and

7 “(B) for each State that can so establish,
8 provide an aggregate amount of at least 0.6
9 percent of the funds made available for those
10 conservation programs.”.

11 **SEC. 2604. RESERVATION OF FUNDS TO PROVIDE ASSIST-**
12 **ANCE TO CERTAIN FARMERS OR RANCHERS**
13 **FOR CONSERVATION ACCESS.**

14 Subsection (h) of section 1241 of the Food Security
15 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
16 2601(b)(1)) is amended—

17 (1) in paragraph (1) by striking “2012” and in-
18 serting “2017”; and

19 (2) by adding at the end the following:

20 “(4) PREFERENCE.—In providing assistance
21 under paragraph (1), the Secretary shall give pref-
22 erence to a veteran farmer or rancher (as defined in
23 section 2501(e) of the Food, Agriculture, Conserva-
24 tion, and Trade Act of 1990 (7 U.S.C. 2279(e)))

1 that qualifies under subparagraph (A) or (B) of
2 paragraph (1).”.

3 **SEC. 2605. ANNUAL REPORT ON PROGRAM ENROLLMENTS**
4 **AND ASSISTANCE.**

5 Subsection (i) of section 1241 of the Food Security
6 Act of 1985 (16 U.S.C. 3841) (as redesignated by section
7 2601(b)(1)) is amended—

8 (1) in paragraph (1), by striking “wetlands re-
9 serve program” and inserting “agricultural conserva-
10 tion easement program”;

11 (2) by striking paragraphs (2) and (3) and re-
12 designating paragraphs (4), (5), and (6) as para-
13 graphs (2), (3), and (4), respectively;

14 (3) in paragraph (3) (as so redesignated)—

15 (A) by striking “agricultural water en-
16 hancement program” and inserting “regional
17 conservation partnership program”; and

18 (B) by striking “section 1240I(g)” and in-
19 serting “section 1271C(e)(3)”; and

20 (4) by adding at the end the following:

21 “(5) Payments made under the conservation
22 stewardship program.

23 “(6) Waivers granted by the Secretary under
24 section 1265B(b)(2)(C).”.

1 **SEC. 2606. ADMINISTRATIVE REQUIREMENTS FOR CON-**
2 **SERVATION PROGRAMS.**

3 Section 1244 of the Food Security Act of 1985 (16
4 U.S.C. 3844) is amended—

5 (1) in subsection (a)(2), by adding at the end
6 the following:

7 “(E) Veteran farmers or ranchers (as de-
8 fined in section 2501(e) of the Food, Agri-
9 culture, Conservation, and Trade Act of 1990
10 (7 U.S.C. 2279(e)).”;

11 (2) in subsection (d), by inserting “, H, and I”
12 before the period at the end;

13 (3) in subsection (f)—

14 (A) in paragraph (1)(B), by striking
15 “country” and inserting “county”; and

16 (B) in paragraph (3), by striking “sub-
17 section (c)(2)(B) or (f)(4)” and inserting “sub-
18 section (c)(2)(A)(ii) or (f)(2)”;

19 (4) by striking subsection (i) and inserting the
20 following:

21 “(i) CONSERVATION APPLICATION PROCESS.—

22 “(1) INITIAL APPLICATION.—

23 “(A) IN GENERAL.—Not later than 1 year
24 after the date of enactment of this subsection,
25 the Secretary shall establish a single, simplified
26 application for eligible entities to use in initially

1 requesting assistance under any conservation
2 program administered by the Secretary (re-
3 ferred to in this subsection as the ‘initial appli-
4 cation’).

5 “(B) REQUIREMENTS.—To the maximum
6 extent practicable, the Secretary shall ensure
7 that—

8 “(i) a conservation program applicant
9 is not required to provide information that
10 is duplicative of information or resources
11 already available to the Secretary for that
12 applicant and the specific operation of the
13 applicant; and

14 “(ii) the initial application process is
15 streamlined to minimize complexity and re-
16 dundancy.

17 “(2) REVIEW OF APPLICATION PROCESS.—

18 “(A) IN GENERAL.—Not later than 1 year
19 after the date of enactment of this subsection,
20 the Secretary shall review the application proc-
21 ess for each conservation program administered
22 by the Secretary, including the forms and proc-
23 esses used to receive assistance requests from
24 eligible program participants.

1 “(B) REQUIREMENTS.—In carrying out
2 the review, the Secretary shall determine what
3 information the participant is required to sub-
4 mit during the application process, including—

5 “(i) identification information for the
6 applicant;

7 “(ii) identification and location infor-
8 mation for the land parcel or tract of con-
9 cern;

10 “(iii) a general statement of the need
11 or resource concern of the applicant for the
12 land parcel or tract; and

13 “(iv) the minimum amount of other
14 information the Secretary considers to be
15 essential for the applicant to provide per-
16 sonally.

17 “(3) REVISION AND STREAMLINE.—

18 “(A) IN GENERAL.—Not later than 1 year
19 after the date of enactment of this subsection,
20 the Secretary shall carry out a revision of the
21 application forms and processes for each con-
22 servation program administered by the Sec-
23 retary to enable use of information technology
24 to incorporate appropriate data and information
25 concerning the conservation needs and solutions

1 appropriate for the land area identified by the
2 applicant.

3 “(B) GOAL.—The goal of the revision shall
4 be to streamline the application process to mini-
5 mize the burden placed on applicants.

6 “(4) CONSERVATION PROGRAM APPLICATION.—

7 “(A) IN GENERAL.—Once the needs of an
8 applicant have been adequately assessed by the
9 Secretary, or a third party provider under sec-
10 tion 1242, based on the initial application, in
11 order to determine the 1 or more programs
12 under this title that best match the needs of the
13 applicant, with the approval of the applicant,
14 the Secretary may convert the initial application
15 into the specific application for assistance for
16 the relevant conservation program.

17 “(B) SECRETARIAL BURDEN.—To the
18 maximum extent practicable, the Secretary
19 shall—

20 “(i) complete the specific application
21 for conservation program assistance for
22 each applicant; and

23 “(ii) request only that specific further
24 information from the applicant that is not
25 already available to the Secretary.

1 “(5) IMPLEMENTATION AND NOTIFICATION.—
2 Not later than 1 year after the date of enactment
3 of this subsection, the Secretary shall submit to the
4 Committee on Agriculture of the House of Rep-
5 resentatives and the Committee on Agriculture, Nu-
6 trition, and Forestry of the Senate written notifica-
7 tion that the Secretary has fulfilled the requirements
8 of this subsection.”; and

9 (5) by adding at the end the following:

10 “(j) IMPROVED ADMINISTRATIVE EFFICIENCY AND
11 EFFECTIVENESS.—In administering a conservation pro-
12 gram under this title, the Secretary shall, to the maximum
13 extent practicable—

14 “(1) seek to reduce administrative burdens and
15 costs to producers by streamlining conservation
16 planning and program resources; and

17 “(2) take advantage of new technologies to en-
18 hance efficiency and effectiveness.

19 “(k) RELATION TO OTHER PAYMENTS.—Any pay-
20 ment received by an owner or operator under this title,
21 including an easement payment or rental payment, shall
22 be in addition to, and not affect, the total amount of pay-
23 ments that the owner or operator is otherwise eligible to
24 receive under any of the following:

25 “(1) This Act.

1 “(2) The Agricultural Act of 1949 (7 U.S.C.
2 1421 et seq.).

3 “(3) The Agriculture Reform, Food, and Jobs
4 Act of 2012.

5 “(4) Any law that succeeds a law specified in
6 paragraph (1), (2), or (3).

7 “(1) FUNDING FOR INDIAN TRIBES.—In carrying out
8 the conservation stewardship program under subchapter
9 B of chapter 2 of subtitle D and the environmental quality
10 incentives program under chapter 4 of subtitle D, the Sec-
11 retary may enter into alternative funding arrangements
12 with Indian tribes if the Secretary determines that the
13 goals and objectives of the programs will be met by such
14 arrangements, and that statutory limitations regarding
15 contracts with individual producers will not be exceeded
16 by any Tribal member.”.

17 **SEC. 2607. RULEMAKING AUTHORITY.**

18 Subtitle E of title XII of the Food Security Act of
19 1985 (16 U.S.C. 3841 et seq.) is amended by adding at
20 the end the following:

21 **“SEC. 1246. REGULATIONS.**

22 “(a) IN GENERAL.—The Secretary shall promulgate
23 such regulations as are necessary to implement programs
24 under this title, including such regulations as the Sec-
25 retary determines to be necessary to ensure a fair and rea-

1 sonable application of the limitations established under
2 section 1244(f).

3 “(b) RULEMAKING PROCEDURE.—The promulgation
4 of regulations and administration of programs under this
5 title—

6 “(1) shall be carried out without regard to—

7 “(A) the Statement of Policy of the Sec-
8 retary effective July 24, 1971 (36 Fed. Reg.
9 13804), relating to notices of proposed rule-
10 making and public participation in rulemaking;
11 and

12 “(B) chapter 35 of title 44, United States
13 Code (commonly known as the Paperwork Re-
14 duction Act); and

15 “(2) shall be made as an interim rule effective
16 on publication with an opportunity for notice and
17 comment.

18 “(c) CONGRESSIONAL REVIEW OF AGENCY RULE-
19 MAKING.—In promulgating regulations under this section,
20 the Secretary shall use the authority provided under sec-
21 tion 808 of title 5, United States Code.”.

22 **SEC. 2608. STANDARDS FOR STATE TECHNICAL COMMIT-**
23 **TEES.**

24 Section 1261(b) of the Food Security Act of 1985
25 (16 U.S.C. 3861(b)) is amended by striking “Not later

1 than 180 days after the date of enactment of the Food,
2 Conservation, and Energy Act of 2008, the Secretary shall
3 develop” and inserting “The Secretary shall review and
4 update as necessary”.

5 **SEC. 2609. HIGHLY ERODIBLE LAND AND WETLAND CON-**
6 **SERVATION FOR CROP INSURANCE.**

7 (a) HIGHLY ERODIBLE LAND PROGRAM INELIGI-
8 BILITY.—

9 (1) IN GENERAL.—Section 1211(a)(1) of the
10 Food Security Act of 1985 (16 U.S.C. 3811(a)(1))
11 is amended—

12 (A) in subparagraph (C), by striking “or”
13 at the end;

14 (B) in subparagraph (D), by adding “or”
15 at the end; and

16 (C) by adding at the end the following:

17 “(E) any portion of premium paid by the
18 Federal Crop Insurance Corporation for a plan
19 or policy of insurance under the Federal Crop
20 Insurance Act (7 U.S.C. 1501 et seq.);”.

21 (2) EXEMPTIONS.—Section 1212(a)(2) of the
22 Food Security Act of 1985 (16 U.S.C. 3812(a)(2))
23 is amended—

24 (A) in the first sentence, by striking “(2)
25 If,” and inserting the following:

1 “(2) ELIGIBILITY BASED ON COMPLIANCE WITH
2 CONSERVATION PLAN.—

3 “(A) IN GENERAL.—If,”;

4 (B) in the second sentence, by striking “In
5 carrying” and inserting the following:

6 “(B) MINIMIZATION OF DOCUMENTA-
7 TION.—In carrying”; and

8 (C) by adding at the end the following:

9 “(C) CROP INSURANCE.—In the case of
10 payments that are subject to section 1211 for
11 the first time due to the amendment made by
12 section 2609(a) of the Agriculture Reform,
13 Food, and Jobs Act of 2012, any person who
14 produces an agricultural commodity on the land
15 that is the basis of the payments shall have
16 until January 1 of the fifth year after the date
17 on which the payments became subject to sec-
18 tion 1211 to develop and comply with an ap-
19 proved conservation plan.”.

20 (b) WETLAND CONSERVATION PROGRAM INELIGI-
21 BILITY.—Section 1221(b) of the Food Security Act of
22 1985 (16 U.S.C. 3821) is amended by adding at the end
23 the following:

24 “(4) Any portion of premium paid by the Fed-
25 eral Crop Insurance Corporation for a plan or policy

1 of insurance under the Federal Crop Insurance Act
2 (7 U.S.C. 1501 et seq.).”.

3 **Subtitle H—Repeal of Superseded**
4 **Program Authorities and Tran-**
5 **sitional Provisions**

6 **SEC. 2701. COMPREHENSIVE CONSERVATION ENHANCE-**
7 **MENT PROGRAM.**

8 Section 1230 of the Food Security Act of 1985 (16
9 U.S.C. 3830) is repealed.

10 **SEC. 2702. EMERGENCY FORESTRY CONSERVATION RE-**
11 **SERVE PROGRAM.**

12 (a) REPEAL.—Section 1231A of the Food Security
13 Act of 1985 (16 U.S.C. 3831a) is repealed.

14 (b) TRANSITIONAL PROVISIONS.—

15 (1) EFFECT ON EXISTING CONTRACTS.—The
16 amendment made by this section shall not affect the
17 validity or terms of any contract entered into by the
18 Secretary of Agriculture under section 1231A of the
19 Food Security Act of 1985 (16 U.S.C. 3831a) before
20 October 1, 2012, or any payments required to be
21 made in connection with the contract.

22 (2) FUNDING.—The Secretary may use funds
23 made available to carry out the conservation reserve
24 program under subchapter B of chapter 1 of subtitle
25 D of title XII of the Food Security Act of 1985 (16

1 U.S.C. 3831 et seq.) to continue to carry out con-
2 tracts referred to in paragraph (1) using the provi-
3 sions of law and regulation applicable to such con-
4 tracts as in existence on September 30, 2012.

5 (c) **EFFECTIVE DATE.**—The amendment made by
6 this section shall take effect on October 1, 2012.

7 **SEC. 2703. WETLANDS RESERVE PROGRAM.**

8 (a) **REPEAL.**—Subchapter C of chapter 1 of subtitle
9 D of title XII of the Food Security Act of 1985 (16 U.S.C.
10 3837 et seq.) is repealed.

11 (b) **TRANSITIONAL PROVISIONS.**—

12 (1) **EFFECT ON EXISTING CONTRACTS AND**
13 **EASEMENTS.**—The amendment made by this section
14 shall not affect the validity or terms of any contract
15 or easement entered into by the Secretary of Agri-
16 culture under subchapter C of chapter 1 of subtitle
17 D of title XII of the Food Security Act of 1985 (16
18 U.S.C. 3837 et seq.) before October 1, 2012, or any
19 payments required to be made in connection with the
20 contract or easement.

21 (2) **FUNDING.**—

22 (A) **USE OF PRIOR YEAR FUNDS.**—Not-
23 withstanding the repeal of subchapter C of
24 chapter 1 of subtitle D of title XII of the Food
25 Security Act of 1985 (16 U.S.C. 3837 et seq.),

1 any funds made available from the Commodity
2 Credit Corporation to carry out the wetlands
3 reserve program under that subchapter for fis-
4 cal years 2009 through 2012 shall be made
5 available to carry out contracts or easements
6 referred to in paragraph (1) that were entered
7 into prior to October 1, 2012 (including the
8 provision of technical assistance), provided that
9 no such contract or easement is modified so as
10 to increase the amount of the payment received.

11 (B) OTHER.—The Secretary may use
12 funds made available to carry out the agricul-
13 tural conservation easement program under
14 subtitle H of title XII of the Food Security Act
15 of 1985, as added by section 2301 of this Act,
16 to continue to carry out contracts and ease-
17 ments referred to in paragraph (1) using the
18 provisions of law and regulation applicable to
19 such contracts and easements as in existence on
20 September 30, 2012.

21 (c) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on October 1, 2012.

1 **SEC. 2704. FARMLAND PROTECTION PROGRAM AND FARM**
2 **VIABILITY PROGRAM.**

3 (a) REPEAL.—Subchapter C of chapter 2 of subtitle
4 D of title XII of the Food Security Act of 1985 (16 U.S.C.
5 3838h et seq.) is repealed.

6 (b) TRANSITIONAL PROVISIONS.—

7 (1) EFFECT ON EXISTING AGREEMENTS AND
8 EASEMENTS.—The amendment made by this section
9 shall not affect the validity or terms of any agree-
10 ment or easement entered into by the Secretary of
11 Agriculture under subchapter C of chapter 2 of sub-
12 title D of title XII of the Food Security Act of 1985
13 (16 U.S.C. 3838h et seq.) before October 1, 2012,
14 or any payments required to be made in connection
15 with the agreement or easement.

16 (2) FUNDING.—

17 (A) USE OF PRIOR YEAR FUNDS.—Not-
18 withstanding the repeal of subchapter C of
19 chapter 2 of subtitle D of title XII of the Food
20 Security Act of 1985 (16 U.S.C. 3838h et seq.),
21 any funds made available from the Commodity
22 Credit Corporation to carry out the farmland
23 protection program under that subchapter for
24 fiscal years 2009 through 2012 shall be made
25 available to carry out agreements and ease-
26 ments referred to in paragraph (1) that were

1 entered into prior to October 1, 2012 (including
2 the provision of technical assistance).

3 (B) OTHER.—On exhaustion of funds
4 made available under subparagraph (A), the
5 Secretary may use funds made available to
6 carry out the agricultural conservation ease-
7 ment program under subtitle H of title XII of
8 the Food Security Act of 1985, as added by
9 section 2301 of this Act, to continue to carry
10 out agreements and easements referred to in
11 paragraph (1) using the provisions of law and
12 regulation applicable to such agreements and
13 easement as in existence on September 30,
14 2012.

15 (c) EFFECTIVE DATE.—The amendment made by
16 this section shall take effect on October 1, 2012.

17 **SEC. 2705. GRASSLAND RESERVE PROGRAM.**

18 (a) REPEAL.—Subchapter D of chapter 2 of subtitle
19 D of title XII of the Food Security Act of 1985 (16 U.S.C.
20 3838n et seq.) is repealed.

21 (b) TRANSITIONAL PROVISIONS.—

22 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
23 MENTS, AND EASEMENTS.—The amendment made
24 by this section shall not affect the validity or terms
25 of any contract, agreement, or easement entered into

1 by the Secretary of Agriculture under subchapter D
2 of chapter 2 of subtitle D of title XII of the Food
3 Security Act of 1985 (16 U.S.C. 3838n et seq.) be-
4 fore October 1, 2012, or any payments required to
5 be made in connection with the contract, agreement,
6 or easement.

7 (2) FUNDING.—

8 (A) USE OF PRIOR YEAR FUNDS.—Not-
9 withstanding the repeal of subchapter D of
10 chapter 2 of subtitle D of title XII of the Food
11 Security Act of 1985 (16 U.S.C. 3838n et seq.),
12 any funds made available from the Commodity
13 Credit Corporation to carry out the grassland
14 reserve program under that subchapter for fis-
15 cal years 2009 through 2012 shall be made
16 available to carry out contracts, agreements, or
17 easements referred to in paragraph (1) that
18 were entered into prior to October 1, 2012 (in-
19 cluding the provision of technical assistance),
20 provided that no such contract, agreement, or
21 easement is modified so as to increase the
22 amount of the payment received.

23 (B) OTHER.—The Secretary may use
24 funds made available to carry out the agricul-
25 tural conservation easement program under

1 subtitle H of title XII of the Food Security Act
2 of 1985, as added by section 2301 of this Act,
3 to continue to carry out contracts, agreements,
4 and easements referred to in paragraph (1)
5 using the provisions of law and regulation appli-
6 cable to such contracts, agreements, and ease-
7 ments as in existence on September 30, 2012.

8 (c) EFFECTIVE DATE.—The amendment made by
9 this section shall take effect on October 1, 2012.

10 **SEC. 2706. AGRICULTURAL WATER ENHANCEMENT PRO-**
11 **GRAM.**

12 (a) REPEAL.—Section 1240I of the Food Security
13 Act of 1985 (16 U.S.C. 3839aa–9) is repealed.

14 (b) TRANSITIONAL PROVISIONS.—

15 (1) EFFECT ON EXISTING CONTRACTS AND
16 AGREEMENTS.—The amendment made by this sec-
17 tion shall not affect the validity or terms of any con-
18 tract or agreement entered into by the Secretary of
19 Agriculture under section 1240I of the Food Secu-
20 rity Act of 1985 (16 U.S.C. 3839aa–9) before Octo-
21 ber 1, 2012, or any payments required to be made
22 in connection with the contract or agreement.

23 (2) FUNDING.—

24 (A) USE OF PRIOR YEAR FUNDS.—Not-
25 withstanding the repeal of section 1240I of the

1 Food Security Act of 1985 (16 U.S.C. 3839aa–
2 9), any funds made available from the Com-
3 modity Credit Corporation to carry out the ag-
4 ricultural water enhancement program under
5 that section for fiscal years 2009 through 2012
6 shall be made available to carry out contracts
7 and agreements referred to in paragraph (1)
8 that were entered into prior to October 1, 2012
9 (including the provision of technical assistance).

10 (B) OTHER.—On exhaustion of funds
11 made available under subparagraph (A), the
12 Secretary may use funds made available to
13 carry out the regional conservation partnerships
14 program under subtitle I of title XII of the
15 Food Security Act of 1985, as added by section
16 2401 of this Act, to continue to carry out con-
17 tracts and agreements referred to in paragraph
18 (1) using the provisions of law and regulation
19 applicable to such contracts and agreements as
20 in existence on September 30, 2012.

21 (c) EFFECTIVE DATE.—The amendment made by
22 this section shall take effect on October 1, 2012.

23 **SEC. 2707. WILDLIFE HABITAT INCENTIVE PROGRAM.**

24 (a) REPEAL.—Section 1240N of the Food Security
25 Act of 1985 (16 U.S.C. 3839bb–1) is repealed.

1 (b) TRANSITIONAL PROVISIONS.—

2 (1) EFFECT ON EXISTING CONTRACTS.—The
3 amendment made by this section shall not affect the
4 validity or terms of any contract entered into by the
5 Secretary of Agriculture under section 1240N of the
6 Food Security Act of 1985 (16 U.S.C. 3839bb–1)
7 before October 1, 2012, or any payments required to
8 be made in connection with the contract.

9 (2) FUNDING.—

10 (A) USE OF PRIOR YEAR FUNDS.—Not-
11 withstanding the repeal of section 1240N of the
12 Food Security Act of 1985 (16 U.S.C. 3839bb–
13 1), any funds made available from the Com-
14 modity Credit Corporation to carry out the
15 wildlife habitat incentive program under that
16 section for fiscal years 2009 through 2012 shall
17 be made available to carry out contracts re-
18 ferred to in paragraph (1) which were entered
19 into prior to October 1, 2012 (including the
20 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 environmental quality incentives
25 program under chapter 4 of subtitle D of title

1 XII of the Food Security Act of 1985 (16
2 U.S.C. 3839aa et seq.) to continue to carry out
3 contracts referred to in paragraph (1) using the
4 provisions of law and regulation applicable to
5 such contracts as in existence on September 30,
6 2012.

7 (c) EFFECTIVE DATE.—The amendment made by
8 this section shall take effect on October 1, 2012.

9 **SEC. 2708. GREAT LAKES BASIN PROGRAM.**

10 (a) REPEAL.—Section 1240P of the Food Security
11 Act of 1985 (16 U.S.C. 3839bb–3) is repealed.

12 (b) EFFECTIVE DATE.—The amendment made by
13 this section shall take effect on October 1, 2012.

14 **SEC. 2709. CHESAPEAKE BAY WATERSHED PROGRAM.**

15 (a) REPEAL.—Section 1240Q of the Food Security
16 Act of 1985 (16 U.S.C. 3839bb–4) is repealed.

17 (b) TRANSITIONAL PROVISIONS.—

18 (1) EFFECT ON EXISTING CONTRACTS, AGREE-
19 MENTS, AND EASEMENTS.—The amendment made
20 by this section shall not affect the validity or terms
21 of any contract, agreement, or easement entered into
22 by the Secretary of Agriculture under section 1240Q
23 of the Food Security Act of 1985 (16 U.S.C.
24 3839bb–4) before October 1, 2012, or any payments

1 required to be made in connection with the contract,
2 agreement, or easement.

3 (2) FUNDING.—

4 (A) USE OF PRIOR YEAR FUNDS.—Not-
5 withstanding the repeal of section 1240Q of the
6 Food Security Act of 1985 (16 U.S.C. 3839bb-
7 4), any funds made available from the Com-
8 modity Credit Corporation to carry out the
9 Chesapeake Bay watershed program under that
10 section for fiscal years 2009 through 2012 shall
11 be made available to carry out contracts, agree-
12 ments, and easements referred to in paragraph
13 (1) that were entered into prior to October 1,
14 2012 (including the provision of technical as-
15 sistance).

16 (B) OTHER.—The Secretary may use
17 funds made available to carry out the regional
18 conservation partnerships program under sub-
19 title I of title XII of the Food Security Act of
20 1985, as added by section 2401 of this Act, to
21 continue to carry out contracts, agreements,
22 and easements referred to in paragraph (1)
23 using the provisions of law and regulation appli-
24 cable to such contracts, agreements, and ease-
25 ments as in existence on September 30, 2012.

1 (c) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on October 1, 2012.

3 **SEC. 2710. COOPERATIVE CONSERVATION PARTNERSHIP**
4 **INITIATIVE.**

5 (a) REPEAL.—Section 1243 of the Food Security Act
6 of 1985 (16 U.S.C. 3843) is repealed.

7 (b) TRANSITIONAL PROVISIONS.—

8 (1) EFFECT ON EXISTING CONTRACTS AND
9 AGREEMENTS.—The amendment made by this sec-
10 tion shall not affect the validity or terms of any con-
11 tract or agreement entered into by the Secretary of
12 Agriculture under section 1243 of the Food Security
13 Act of 1985 (16 U.S.C. 3843) before October 1,
14 2012, or any payments required to be made in con-
15 nection with the contract or agreement.

16 (2) FUNDING.—

17 (A) USE OF PRIOR YEAR FUNDS.—Not-
18 withstanding the repeal of section 1243 of the
19 Food Security Act of 1985 (16 U.S.C. 3843),
20 any funds made available from the Commodity
21 Credit Corporation to carry out the cooperative
22 conservation partnership initiative under that
23 section for fiscal years 2009 through 2012 shall
24 be made available to carry out contracts and
25 agreements referred to in paragraph (1) that

1 were entered into prior to October 1, 2012 (in-
2 cluding the provision of technical assistance).

3 (B) OTHER.—On exhaustion of funds
4 made available under subparagraph (A), the
5 Secretary may use funds made available to
6 carry out the regional conservation partnerships
7 program under subtitle I of title XII of the
8 Food Security Act of 1985, as added by section
9 2401 of this Act, to continue to carry out con-
10 tracts and agreements referred to in paragraph
11 (1) using the provisions of law and regulation
12 applicable to such contracts and agreements as
13 in existence on September 30, 2012.

14 (c) EFFECTIVE DATE.—The amendment made by
15 this section shall take effect on October 1, 2012.

16 **SEC. 2711. ENVIRONMENTAL EASEMENT PROGRAM.**

17 Chapter 3 of subtitle D of title XII of the Food Secu-
18 rity Act of 1985 (16 U.S.C. 3839 et seq.) is repealed.

19 **SEC. 2712. TECHNICAL AMENDMENTS.**

20 (a) Section 1201(a) of the Food Security Act of 1985
21 (16 U.S.C. 3801(a)) is amended in the matter preceding
22 paragraph (1) by striking “E” and inserting “I”.

23 (b) Section 1211(a) of the Food Security Act of 1985
24 (16 U.S.C. 3811(a)) is amended by striking “predomi-
25 nate” each place it appears and inserting “predominant”.

1 (c) Section 1242(i) of the Food Security Act of
2 1985(16 U.S.C. 3842(i)) is amended in the subsection
3 heading by striking “SPECIALITY” and inserting “SPE-
4 CIALTY”.

5 **TITLE III—TRADE**

6 **Subtitle A—Food for Peace Act**

7 **SEC. 3001. SET-ASIDE FOR SUPPORT FOR ORGANIZATIONS**
8 **THROUGH WHICH NONEMERGENCY ASSIST-**
9 **ANCE IS PROVIDED.**

10 Effective October 1, 2012, section 202(e)(1) of the
11 Food for Peace Act (7 U.S.C. 1722(e)(1)) is amended—

12 (1) in the matter preceding subparagraph (A),
13 by striking “13 percent” and inserting “15 per-
14 cent”; and

15 (2) in subparagraph (A), by striking “new” and
16 inserting “and enhancing”.

17 **SEC. 3002. FOOD AID QUALITY.**

18 Section 202(h) of the Food for Peace Act (7 U.S.C.
19 1722(h)) is amended—

20 (1) by striking paragraph (1) and inserting the
21 following:

22 “(1) IN GENERAL.—The Administrator shall
23 use funds made available for fiscal year 2013 and
24 subsequent fiscal years to carry out this title—

1 “(A) to assess the types and quality of ag-
2 ricultural commodities and products donated for
3 food aid;

4 “(B) to adjust products and formulations,
5 including potential introduction of new
6 fortificants and products, as necessary to cost-
7 effectively meet nutrient needs of target popu-
8 lations;

9 “(C) to test prototypes;

10 “(D) to adopt new specifications or im-
11 prove existing specifications for micronutrient
12 fortified food aid products, based on the latest
13 developments in food and nutrition science, and
14 in coordination with other international part-
15 ners;

16 “(E) to develop new program guidance to
17 facilitate improved matching of products to pur-
18 poses having nutritional intent, in coordination
19 with other international partners;

20 “(F) to develop improved guidance for im-
21 plementing partners on how to address nutri-
22 tional deficiencies that emerge among recipients
23 for whom food assistance is the sole source of
24 diet in emergency programs that extend beyond

1 1 year, in coordination with other international
2 partners; and

3 “(G) to evaluate, in appropriate settings
4 and as necessary, the performance and cost-ef-
5 fectiveness of new or modified specialized food
6 products and program approaches designed to
7 meet the nutritional needs of the most vulner-
8 able groups, such as pregnant and lactating
9 mothers, and children under the age of 5.”; and
10 (2) in paragraph (3), by striking “2011” and
11 inserting “2017”.

12 **SEC. 3003. MINIMUM LEVELS OF ASSISTANCE.**

13 Section 204(a) of the Food for Peace Act (7 U.S.C.
14 1724(a)) is amended—

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

17 (2) in paragraph (2), by striking “2012” and
18 inserting “2017”.

19 **SEC. 3004. REAUTHORIZATION OF FOOD AID CONSULT-**
20 **ATIVE GROUP.**

21 Section 205(f) of the Food for Peace Act (7 U.S.C.
22 1725(f)) is amended by striking “2012” and inserting
23 “2017”.

1 **SEC. 3005. OVERSIGHT, MONITORING, AND EVALUATION OF**
2 **FOOD FOR PEACE ACT PROGRAMS.**

3 Section 207(f) of the Food for Peace Act (7 U.S.C.
4 1726a(f)) is amended—

5 (1) by striking paragraph (4) and redesignating
6 paragraphs (5) and (6) as paragraphs (4) and (5),
7 respectively; and

8 (2) in subparagraph (A) of paragraph (5) (as
9 so redesignated)—

10 (A) by striking “2012” and inserting
11 “2017”; and

12 (B) by striking “during fiscal year 2009”
13 and inserting “during the period of fiscal years
14 2013 through 2017”.

15 **SEC. 3006. ASSISTANCE FOR STOCKPILING AND RAPID**
16 **TRANSPORTATION, DELIVERY, AND DIS-**
17 **TRIBUTION OF SHELF-STABLE PRE-**
18 **PACKAGED FOODS.**

19 Section 208(f) of the Food for Peace Act (7 U.S.C.
20 1726b(f)) is amended by striking “2012” and inserting
21 “2017”.

22 **SEC. 3007. LIMITATION ON TOTAL VOLUME OF COMMOD-**
23 **ITIES MONETIZED.**

24 Section 403 of the Food for Peace Act (7 U.S.C.
25 1733) is amended by adding at the end the following:

1 “(m) LIMITATION ON MONETIZATION OF COMMOD-
2 ITIES.—

3 “(1) LIMITATION.—

4 “(A) IN GENERAL.—Unless the Adminis-
5 trator grants a waiver under paragraph (2), no
6 commodity may be made available under this
7 Act unless the rate of return for the commodity
8 (as determined under subparagraph (B)) is at
9 least 70 percent.

10 “(B) RATE OF RETURN.—For purposes of
11 subparagraph (A), the rate of return shall be
12 equal to the proportion that—

13 “(i) the proceeds the implementing
14 partners generate through monetization;
15 bears to

16 “(ii) the cost to the Federal Govern-
17 ment to procure and ship the commodities
18 to a recipient country for monetization.

19 “(2) WAIVER AUTHORITY.—The Administrator
20 may waive the application of the limitation in para-
21 graph (1) with regard to a commodity for a recipient
22 country if the Administrator determines that it is
23 necessary to achieve the purposes of this Act in the
24 recipient country.

1 “(3) REPORT.—Not later than 90 days after a
2 waiver is granted under paragraph (2), the Adminis-
3 trator shall prepare, publish in the Federal Register,
4 and submit to the Committees on Foreign Affairs,
5 Agriculture, and Appropriations of the House of
6 Representatives, and the Committees on Appropria-
7 tions, Foreign Relations, and Agriculture, Nutrition,
8 and Forestry of the Senate a report that—

9 “(A) contains the reasons for granting the
10 waiver and the actual rate of return for the
11 commodity; and

12 “(B) includes for the commodity the costs
13 of bagging or further processing, ocean trans-
14 portation, inland transportation in the recipient
15 country, storage costs, and any other informa-
16 tion that the Administrator determines to be
17 necessary.”.

18 **SEC. 3008. FLEXIBILITY.**

19 Section 406 of the Food for Peace Act (7 U.S.C.
20 1736) is amended—

21 (1) by redesignating subsections (c) and (d) as
22 subsection (d) and (e), respectively; and

23 (2) by inserting after subsection (b) the fol-
24 lowing:

1 “(c) FLEXIBILITY.—Notwithstanding any other pro-
2 vision of law and as necessary to achieve the purposes of
3 this Act, funds available under this Act may be used to
4 pay the costs of up to 20 percent of activities conducted
5 in recipient countries by nonprofit voluntary organiza-
6 tions, cooperatives, or intergovernmental agencies or orga-
7 nizations.”.

8 **SEC. 3009. PROCUREMENT, TRANSPORTATION, TESTING,**
9 **AND STORAGE OF AGRICULTURAL COMMOD-**
10 **ITIES FOR PREPOSITIONING IN THE UNITED**
11 **STATES AND FOREIGN COUNTRIES.**

12 Section 407 of the Food for Peace Act (7 U.S.C.
13 1736a) is amended—

14 (1) in subparagraph (c)(4)(A)—

15 (A) by striking “2012” and inserting
16 “2017”; and

17 (B) by striking “for each such fiscal year
18 not more than \$10,000,000 of such funds” and
19 inserting “for each of fiscal years 2001 through
20 2012 not more than \$10,000,000 of such funds
21 and for each of fiscal years 2013 through 2017
22 not more than \$15,000,000 of such funds”; and

23 (2) by adding at the end the following:

24 “(g) FUNDING FOR TESTING OF FOOD AID SHIP-
25 MENTS.—Funds made available for agricultural products

1 acquired under this Act and section 3107 of the Farm
2 Security and Rural Investment Act of 2002 (7 U.S.C.
3 1736o–1) may be used to pay for the testing of those agri-
4 cultural products.”.

5 **SEC. 3010. DEADLINE FOR AGREEMENTS TO FINANCE**
6 **SALES OR TO PROVIDE OTHER ASSISTANCE.**

7 Section 408 of the Food for Peace Act (7 U.S.C.
8 1736b) is amended by striking “2012” and inserting
9 “2017”.

10 **SEC. 3011. MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
11 **SISTANCE.**

12 Section 412 of the Food for Peace Act (7 U.S.C.
13 1736f) is amended by striking subsection (e) and inserting
14 the following:

15 “(e) **MINIMUM LEVEL OF NONEMERGENCY FOOD AS-**
16 **SISTANCE.**—

17 “(1) **IN GENERAL.**—Subject to paragraph (2),
18 of the amounts made available to carry out emer-
19 gency and nonemergency food assistance programs
20 under title II, not less than 20 nor more than 30
21 percent for each of fiscal years 2013 through 2017
22 shall be expended for nonemergency food assistance
23 programs under title II.

24 “(2) **MINIMUM LEVEL.**—The amount made
25 available to carry out nonemergency food assistance

1 programs under title II shall not be less than
2 \$275,000,000 for any fiscal year.”.

3 **SEC. 3012. COORDINATION OF FOREIGN ASSISTANCE PRO-**
4 **GRAMS REPORT.**

5 Section 413 of the Food for Peace Act (7 U.S.C.
6 1736(g)) is amended—

- 7 (1) by striking “(a) IN GENERAL.—To the
8 maximum” and inserting “To the maximum”; and
9 (2) by striking subsection (b).

10 **SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.**

11 (a) **ELIMINATION OF OBSOLETE REFERENCE TO**
12 **STUDY.**—Section 415(a)(2)(B) of the Food for Peace Act
13 (7 U.S.C. 1736g–2(a)(2)(B)) is amended by striking “,
14 using recommendations” and all that follows through
15 “quality enhancements”.

16 (b) **EXTENSION.**—Section 415(c) of the Food for
17 Peace Act (7 U.S.C. 1736g–2(c)) is amended by striking
18 “2012” and inserting “2017”.

19 **SEC. 3014. JOHN OGWONSKI AND DOUG BEREUTER FARM-**
20 **ER-TO-FARMER PROGRAM.**

21 Section 501 of the Food for Peace Act (7 U.S.C.
22 1737) is amended—

- 23 (1) in subsection (d)—
24 (A) by striking “0.5 percent” and inserting
25 “0.6 percent”; and

1 (B) by striking “2012” and inserting
2 “2017”; and
3 (2) in subsection (e)(1), by striking “2012” and
4 inserting “2017”.

5 **SEC. 3015. PROHIBITION ON ASSISTANCE FOR NORTH**
6 **KOREA.**

7 (a) IN GENERAL.—No amounts may be obligated or
8 expended to provide assistance under title II of the Food
9 for Peace Act (7 U.S.C. 1721 et seq.) to the Democratic
10 People’s Republic of Korea.

11 (b) NATIONAL INTEREST WAIVER.—The President
12 may waive subsection (a) if the President determines and
13 certifies to the Committees on Agriculture, Nutrition, and
14 Forestry and Foreign Relations of the Senate and the
15 Committees on Agriculture and Foreign Affairs of the
16 House of Representatives that the waiver is in the national
17 interest of the United States.

18 **Subtitle B—Agricultural Trade Act**
19 **of 1978**

20 **SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAMS.**

21 Section 211 of the Agricultural Trade Act of 1978
22 (7 U.S.C. 5641) is amended by striking subsection (b) and
23 inserting the following:

24 “(b) EXPORT CREDIT GUARANTEE PROGRAMS.—The
25 Commodity Credit Corporation shall make available for

1 each of fiscal years 2013 through 2017 credit guarantees
2 under section 202(a) in an amount equal to not more than
3 \$4,500,000,000 in credit guarantees.”.

4 **SEC. 3102. FUNDING FOR MARKET ACCESS PROGRAM.**

5 Section 211(c)(1)(A) of the Agricultural Trade Act
6 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended by striking
7 “2012” and inserting “2017”.

8 **SEC. 3103. FOREIGN MARKET DEVELOPMENT COOPERATOR**
9 **PROGRAM.**

10 Section 703(a) of the Agricultural Trade Act of 1978
11 (7 U.S.C. 5723(a)) is amended by striking “2012” and
12 inserting “2017”.

13 **Subtitle C—Other Agricultural**
14 **Trade Laws**

15 **SEC. 3201. FOOD FOR PROGRESS ACT OF 1985.**

16 (a) EXTENSION.—The Food for Progress Act of 1985
17 (7 U.S.C. 1736o) is amended—

18 (1) in subsection (f)(3), by striking “2012” and
19 inserting “2017”;

20 (2) in subsection (g), by striking “2012” and
21 inserting “2017”;

22 (3) in subsection (k), by striking “2012” and
23 inserting “2017”; and

24 (4) in subsection (l)(1), by striking “2012” and
25 inserting “2017”.

1 (b) REPEAL OF COMPLETED PROJECT.—Subsection
2 (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o)
3 is amended by striking paragraph (6).

4 (c) FLEXIBILITY.—The Food for Progress Act of
5 1985 (7 U.S.C. 1736o) is amended in subsection (l) by
6 adding at the end the following:

7 “(5) FLEXIBILITY.—Notwithstanding any other
8 provision of law and as necessary to achieve the pur-
9 poses of this Act, funds available under this Act may
10 be used to pay the costs of up to 20 percent of ac-
11 tivities conducted in recipient countries by nonprofit
12 voluntary organizations, cooperatives, or intergovern-
13 mental agencies or organizations.”.

14 (d) LIMITATION ON TOTAL VOLUME OF COMMOD-
15 ITIES MONETIZED.—The Food for Progress Act of 1985
16 (7 U.S.C. 1736o) is amended by adding at the end the
17 following:

18 “(p) LIMITATION ON MONETIZATION OF COMMOD-
19 ITIES.—

20 “(1) LIMITATION.—

21 “(A) IN GENERAL.—Unless the Secretary
22 grants a waiver under paragraph (2), no eligible
23 commodity may be made available under this
24 section unless the rate of return for the eligible

1 commodity (as determined under subparagraph
2 (B)) is at least 70 percent.

3 “(B) RATE OF RETURN.—For purposes of
4 subparagraph (A), the rate of return shall be
5 equal to the proportion that—

6 “(i) the proceeds the implementing
7 partners generate through monetization;
8 bears to

9 “(ii) the cost to the Federal Govern-
10 ment to procure and ship the eligible com-
11 modities to a recipient country for mone-
12 tization.

13 “(2) WAIVER AUTHORITY.—The Secretary may
14 waive the application of the limitation in paragraph
15 (1) with regard to an eligible commodity for a recipi-
16 ent country if the Secretary determines that it is
17 necessary to achieve the purposes of this Act in the
18 recipient country.

19 “(3) REPORT.—Not later than 90 days after a
20 waiver is granted under paragraph (2), the Sec-
21 retary shall prepare, publish in the Federal Register,
22 and submit to the Committees on Foreign Affairs,
23 Agriculture, and Appropriations of the House of
24 Representatives, and the Committees on Appropria-

1 tions, Foreign Relations, and Agriculture, Nutrition,
2 and Forestry of the Senate a report that—

3 “(A) contains the reasons for granting the
4 waiver and the actual rate of return for the eli-
5 gible commodity; and

6 “(B) includes for the commodity the costs
7 of bagging or further processing, ocean trans-
8 portation, inland transportation in the recipient
9 country, storage costs, and any other informa-
10 tion that the Secretary determines to be nec-
11 essary.”.

12 **SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.**

13 Section 302 of the Bill Emerson Humanitarian Trust
14 Act (7 U.S.C. 1736f–1) is amended—

15 (1) in subsection (b)(2)(B)(i), by striking
16 “2012” both places it appears and inserting “2017”;
17 and

18 (2) in subsection (h), by striking “2012” both
19 places it appears and inserting “2017”.

20 **SEC. 3203. PROMOTION OF AGRICULTURAL EXPORTS TO**
21 **EMERGING MARKETS.**

22 (a) DIRECT CREDITS OR EXPORT CREDIT GUARAN-
23 TEES.—Section 1542(a) of the Food, Agriculture, Con-
24 servation, and Trade Act of 1990 (Public Law 101–624;

1 7 U.S.C. 5622 note) is amended by striking “2012” and
2 inserting “2017”.

3 (b) DEVELOPMENT OF AGRICULTURAL SYSTEMS.—
4 Section 1542(d)(1)(A)(i) of the Food, Agriculture, Con-
5 servation, and Trade Act of 1990 (Public Law 101–624;
6 7 U.S.C. 5622 note) is amended by striking “2012” and
7 inserting “2017”.

8 **SEC. 3204. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**
9 **EDUCATION AND CHILD NUTRITION PRO-**
10 **GRAM.**

11 (a) REAUTHORIZATION.—Section 3107(l)(2) of the
12 Farm Security and Rural Investment Act of 2002 (7
13 U.S.C. 1736o–1(l)(2)) is amended by striking “2012” and
14 inserting “2017”.

15 (b) TECHNICAL CORRECTION.—Section 3107(d) of
16 the Farm Security and Rural Investment Act of 2002 (7
17 U.S.C. 1736o–1(d)) is amended by striking “to” in the
18 matter preceding paragraph (1).

19 **SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

20 (a) PURPOSE.—Section 3205(b) of the Farm Secu-
21 rity and Rural Investment Act of 2002 (7 U.S.C. 5680(b))
22 is amended by striking “related barriers to trade” and in-
23 serting “technical barriers to trade”.

1 (b) FUNDING.—Section 3205(e)(2) of the Farm Se-
2 curity and Rural Investment Act of 2002 (7 U.S.C.
3 5680(e)(2)) is amended—

4 (1) by inserting “and” at the end of subpara-
5 graph (C); and

6 (2) by striking subparagraphs (D) and (E) and
7 inserting the following new subparagraph:

8 “(D) \$9,000,000 for each of fiscal years
9 2011 through 2017.”.

10 **SEC. 3206. GLOBAL CROP DIVERSITY TRUST.**

11 Section 3202(c) of the Food, Conservation, and En-
12 ergy Act of 2008 (Public Law 110–246; 22 U.S.C. 2220a
13 note) is amended by striking “2008 through 2012” and
14 inserting “2013 through 2017”.

15 **SEC. 3207. LOCAL AND REGIONAL FOOD AID PROCURE-**
16 **MENT PROJECTS.**

17 Section 3206 of the Food, Conservation, and Energy
18 Act of 2008 (7 U.S.C. 1726e) is amended—

19 (1) in subsection (b)—

20 (A) by striking “(b) STUDY; FIELD-BASED
21 PROJECTS.—” and all that follows through “(2)
22 FIELD-BASED PROJECTS.—” and inserting the
23 following:

24 “(b) FIELD-BASED PROJECTS.—”;

1 (B) by redesignating subparagraphs (A)
2 and (B) as paragraphs (1) and (2), respectively,
3 and indenting appropriately;

4 (C) in paragraph (1) (as so redesignated),
5 by striking “subparagraph (B)” and inserting
6 “paragraph (2)”; and

7 (D) in paragraph (2) (as so redesignated),
8 by striking “subparagraph (A)” and inserting
9 “paragraph (1)”;

10 (2) in subsection (e)(1), by striking “subsection
11 (b)(2)” and inserting “subsection (b)”;

12 (3) by striking subsections (d), (f), and (g);

13 (4) by redesignating subsection (e) as sub-
14 section (d);

15 (5) in subsection (d) (as so redesignated)—

16 (A) in paragraph (2)—

17 (i) by striking subparagraph (B); and

18 (ii) in subparagraph (A)—

19 (I) by striking “(A) APPLICA-
20 TION.—” and all that follows through

21 “To be eligible” in clause (i) and in-
22 serting the following:

23 “(A) IN GENERAL.—To be eligible”;

1 (II) by redesignating clause (ii)
2 as subparagraph (B) and indenting
3 appropriately; and

4 (III) in subparagraph (B) (as so
5 redesignated), by striking “clause (i)”
6 and inserting “subparagraph (A)”;
7 and

8 (B) by striking paragraph (4); and
9 (6) by adding at the end the following:

10 “(e) FUNDING.—

11 “(1) AUTHORIZATION OF APPROPRIATIONS.—

12 There is authorized to be appropriated to carry out
13 this section \$40,000,000 for each of fiscal years
14 2013 through 2017.

15 “(2) PREFERENCE.—In carrying out this sec-
16 tion, the Secretary may give a preference to eligible
17 organizations that have, or are working toward,
18 projects under the McGovern-Dole International
19 Food for Education and Child Nutrition Program
20 established under section 3107 of the Farm Security
21 and Rural Investment Act of 2002 (7 U.S.C. 1736o-
22 1).

23 “(3) REPORTING.—Each year, the Secretary
24 shall submit to the appropriate committees of Con-

1 gress a report that describes the use of funds under
2 this section, including—

3 “(A) the impact of procurements and
4 projects on—

5 “(i) local and regional agricultural
6 producers; and

7 “(ii) markets and consumers, includ-
8 ing low-income consumers; and

9 “(B) implementation time frames and
10 costs.”.

11 **SEC. 3208. DONALD PAYNE HORN OF AFRICA FOOD RESIL-**
12 **IENCE PROGRAM.**

13 (a) DEFINITIONS.—In this section:

14 (1) ADMINISTRATOR.—The term “Adminis-
15 trator” means the Administrator of the Agency for
16 International Development.

17 (2) APPROPRIATE COMMITTEES OF CON-
18 GRESS.—The term “appropriate committees of Con-
19 gress” means—

20 (A) the Committee on Agriculture, Nutri-
21 tion, and Forestry of the Senate;

22 (B) the Committee on Agriculture of the
23 House of Representatives;

24 (C) the Committee on Foreign Relations of
25 the Senate; and

1 (D) the Committee on Foreign Affairs of
2 the House of Representatives.

3 (3) ELIGIBLE ORGANIZATION.—The term “eligi-
4 ble organization” means an organization that is—

5 (A) a private voluntary organization or co-
6 operative that is, to the extent practicable, reg-
7 istered with the Administrator; or

8 (B) an intergovernmental organization,
9 such as the World Food Program.

10 (4) HORN OF AFRICA.—The term “Horn of Af-
11 rica” means the countries of—

12 (A) Ethiopia;

13 (B) Somalia;

14 (C) Kenya;

15 (D) Djibouti;

16 (E) Eritrea;

17 (F) South Sudan;

18 (G) Uganda; and

19 (H) such other countries as the Adminis-
20 trator determines to be appropriate after pro-
21 viding notification to the appropriate commit-
22 tees of Congress.

23 (5) RESILIENCE.—The term “resilience”
24 means—

1 (A) the capacity to mitigate the negative
2 impacts of crises (including natural disasters,
3 conflicts, and economic shocks) in order to re-
4 duce loss of life and depletion of productive as-
5 sets;

6 (B) the capacity to respond effectively to
7 crises, ensuring basic needs are met in a way
8 that is integrated with long-term development
9 efforts; and

10 (C) the capacity to recover and rebuild
11 after crises so that future shocks can be ab-
12 sorbed with less need for ongoing external as-
13 sistance.

14 (b) PURPOSE.—The purpose of this section is to es-
15 tablish a pilot program to effectively integrate all United
16 States-funded emergency and long-term development ac-
17 tivities that aim to improve food security in the Horn of
18 Africa, building resilience so as—

19 (1) to reduce the impacts of future crises;

20 (2) to enhance local capacity for emergency re-
21 sponse;

22 (3) to enhance sustainability of long-term devel-
23 opment programs targeting poor and vulnerable
24 households; and

1 (4) to reduce the need for repeated costly emer-
2 gency operations.

3 (c) STUDY.—

4 (1) IN GENERAL.—Not later than 30 days after
5 the date of enactment of this Act, the Administrator
6 shall initiate a study of prior programs to support
7 resilience in the Horn of Africa conducted by—

8 (A) other donor countries;

9 (B) private voluntary organizations;

10 (C) the World Food Program of the
11 United Nations; and

12 (D) multilateral institutions, including the
13 World Bank.

14 (2) REQUIREMENTS.—The study shall—

15 (A) include all programs implemented
16 through the Agency for International Develop-
17 ment, the Department of Agriculture, the De-
18 partment of Treasury, the Millennium Chal-
19 lenge Corporation, the Peace Corps, and other
20 relevant Federal agencies;

21 (B) evaluate how well the programs de-
22 scribed in subparagraph (A) work together to
23 complement each other and leverage impacts
24 across programs;

1 (C) include recommendations for how full
2 integration of efforts can be achieved; and

3 (D) evaluate the degree to which country-
4 led development plans support programs that
5 increase resilience, including review of the in-
6 vestments by each country in nutrition and
7 safety nets.

8 (3) REPORT.—Not later than 180 days after
9 the date of enactment of this Act, the Administrator
10 shall submit to the appropriate committees of Con-
11 gress a report containing the results of the study.

12 (d) FIELD-BASED PROJECT GRANTS OR COOPERA-
13 TIVE AGREEMENTS.—

14 (1) IN GENERAL.—The Administrator shall—

15 (A) provide grants to, or enter into cooper-
16 ative agreements with, eligible organizations to
17 carry out field-based projects that build resil-
18 ience in the Horn of Africa in accordance with
19 this section; and

20 (B) develop a project approval process to
21 ensure full integration of efforts.

22 (2) REQUIREMENTS OF ELIGIBLE ORGANIZA-
23 TIONS.—

24 (A) APPLICATION.—To be eligible to re-
25 ceive a grant from, or enter into a cooperative

1 agreement with, the Administrator under this
2 subsection, an eligible organization shall submit
3 to the Administrator an application by such
4 date, in such manner, and containing such in-
5 formation as the Administrator may require.

6 (B) COMPLETION REQUIREMENT.—To be
7 eligible to receive a grant from, or enter into a
8 cooperative agreement with, the Administrator
9 under this subsection, an eligible organization
10 shall agree—

11 (i) to collect, not later than September
12 30, 2016, data containing the information
13 required under subsection (f)(2) relating to
14 the field-based project funded through the
15 grant or cooperative agreement; and

16 (ii) to provide to the Administrator
17 the data collected under clause (i).

18 (3) REQUIREMENTS OF ADMINISTRATOR.—

19 (A) PROJECT DIVERSITY.—

20 (i) IN GENERAL.—Subject to clause
21 (ii) and subparagraph (B), in selecting
22 proposals for field-based projects to fund
23 under this section, the Administrator shall
24 select a diversity of projects, including
25 projects located in—

1 (I) areas most prone to repeated
2 crises;

3 (II) areas with effective existing
4 resilience programs that can be
5 scaled; and

6 (III) areas in all countries of the
7 Horn of Africa.

8 (ii) PRIORITY.—In selecting proposals
9 for field-based projects under clause (i),
10 the Administrator shall ensure that the se-
11 lected proposals are for field-based projects
12 that—

13 (I) effectively integrate emer-
14 gency and long-term development pro-
15 grams to improve sustainability;

16 (II) demonstrate the potential to
17 reduce the need for future emergency
18 assistance; and

19 (III) build targeted productive
20 safety nets, in coordination with host
21 country governments, through food
22 for work, cash for work, and other
23 proven program methodologies.

24 (B) AVAILABILITY.—The Administrator
25 shall not award a grant or cooperative agree-

1 ment or approve a field-based project under this
2 subsection until the date on which the Adminis-
3 trator promulgates regulations or issues guide-
4 lines under subsection (e).

5 (e) REGULATIONS; GUIDELINES.—

6 (1) IN GENERAL.—Not later than 180 days
7 after the date of completion of the study under sub-
8 section (c), the Administrator shall promulgate regu-
9 lations or issue guidelines to carry out field-based
10 projects under this section.

11 (2) REQUIREMENTS.—In promulgating regula-
12 tions or issuing guidelines under paragraph (1), the
13 Administrator shall—

14 (A) take into consideration the results of
15 the study described in subsection (c); and

16 (B) provide an opportunity for public re-
17 view and comment.

18 (f) REPORT.—

19 (1) IN GENERAL.—Not later than November 1,
20 2016, the Administrator shall submit to the appro-
21 priate committees of Congress a report that—

22 (A) addresses each factor described in
23 paragraph (2); and

24 (B) is conducted in accordance with this
25 section.

1 (2) REQUIRED FACTORS.—The report shall in-
2 clude baseline and end-of-project data that meas-
3 ures—

4 (A) the prevalence of moderate and severe
5 hunger so as to provide an accurate accounting
6 of project impact on household access to and
7 consumption of food during every month of the
8 year prior to data collection;

9 (B) household ownership of and access to
10 productive assets, including at a minimum land,
11 livestock, homes, equipment, and other mate-
12 rials assets needed for income generation;

13 (C) household incomes, including informal
14 sources of employment; and

15 (D) the productive assets of women using
16 the Women’s Empowerment in Agriculture
17 Index.

18 (3) PUBLIC ACCESS TO RECORDS AND RE-
19 PORTS.—Not later than 90 days after the date on
20 which the report is submitted under paragraph (1),
21 the Administrator shall provide public access to the
22 report.

23 (g) AUTHORIZATION OF APPROPRIATIONS.—There is
24 authorized to be appropriated to carry out this section
25 \$10,000,000 for each of fiscal years 2013 through 2017.

1 **SEC. 3209. AGRICULTURAL TRADE ENHANCEMENT STUDY.**

2 (a) DEFINITION OF AGRICULTURE COMMITTEES AND
3 SUBCOMMITTEES.—In this section, the term “agriculture
4 committees and subcommittees” means—

5 (1) the Committee on Agriculture of the House
6 of Representatives;

7 (2) the Committee on Agriculture, Nutrition,
8 and Forestry of the Senate; and

9 (3) the subcommittees on agriculture, rural de-
10 velopment, food and drug administration, and re-
11 lated agencies of the Committees on Appropriations
12 of the House of Representatives and the Senate.

13 (b) DEVELOPMENT.—The Secretary, in consultation
14 with the agriculture committees and subcommittees, shall
15 develop a study that takes into consideration a reorganiza-
16 tion of international trade functions for imports and ex-
17 ports at the Department of Agriculture.

18 (c) IMPLEMENTATION.—In implementing the study
19 under this section, the Secretary—

20 (1) in recognition of the importance of agricul-
21 tural exports to the farm economy and the economy
22 as a whole, may include a recommendation for the
23 establishment of an Under Secretary for Trade and
24 Foreign Agricultural Affairs;

25 (2) may take into consideration how the Under
26 Secretary described in paragraph (1) would serve as

1 a multiagency coordinator of sanitary and
2 phytosanitary issues and nontariff trade barriers in
3 agriculture with respect to imports and exports of
4 agricultural products; and

5 (3) shall take into consideration all implications
6 of a reorganization described in subsection (b) on
7 domestic programs and operations of the Depart-
8 ment of Agriculture.

9 (d) REPORT.—Not later than 180 days after the date
10 of enactment of this Act, the Secretary shall submit to
11 the agriculture committees and subcommittees a report
12 describing the results of the study under this section.

13 **TITLE IV—NUTRITION**
14 **Subtitle A—Supplemental**
15 **Nutrition Assistance Program**

16 **SEC. 4001. FOOD DISTRIBUTION PROGRAM ON INDIAN RES-**
17 **ERVATIONS.**

18 Section 4(b)(6)(F) of the Food and Nutrition Act of
19 2008 (7 U.S.C. 2013(b)(6)(F)) is amended by striking
20 “2012” and inserting “2017”.

21 **SEC. 4002. STANDARD UTILITY ALLOWANCES BASED ON**
22 **THE RECEIPT OF ENERGY ASSISTANCE PAY-**
23 **MENTS.**

24 (a) STANDARD UTILITY ALLOWANCES IN THE SUP-
25 PLEMENTAL NUTRITION ASSISTANCE PROGRAM.—Section

1 5(e)(6)(C) of the Food and Nutrition Act of 2008 (7
2 U.S.C. 2014(e)(6)(C)) is amended—

3 (1) in clause (i), by inserting “, subject to
4 clause (iv)” after “Secretary”; and

5 (2) in clause (iv)(I), by striking “the household
6 still incurs” and all that follows through the end of
7 the subclause and inserting “the payment received
8 by, or made on behalf of, the household exceeds \$10
9 or a higher amount annually, as determined by the
10 Secretary.”.

11 (b) CONFORMING AMENDMENT.—Section
12 2605(f)(2)(A) of the Low-Income Home Energy Assist-
13 ance Act of 1981 (42 U.S.C. 8624(f)(2)(A)) is amended
14 by inserting before the semicolon at the end “, except that,
15 for purposes of the supplemental nutrition assistance pro-
16 gram established under the Food and Nutrition Act of
17 2008 (7 U.S.C. 2011 et seq.), such payments or allow-
18 ances exceed \$10 or a higher amount annually, as deter-
19 mined by the Secretary of Agriculture in accordance with
20 section 5(e)(6)(C)(iv)(I) of that Act (7 U.S.C.
21 2014(e)(6)(C)(iv)(I))”.

22 (c) EFFECTIVE AND IMPLEMENTATION DATE.—

23 (1) IN GENERAL.—Except as provided in para-
24 graph (2), this section and the amendments made by
25 this section shall take effect beginning on October 1,

1 2013, for all certification periods beginning after
2 that date.

3 (2) STATE OPTION TO DELAY IMPLEMENTATION
4 FOR CURRENT RECIPIENTS.—A State may, at the
5 option of the State, implement a policy that elimi-
6 nates or minimizes the effect of the amendments
7 made by this section for households that receive a
8 standard utility allowance as of the date of enact-
9 ment of this Act for not more than a 180-day period
10 beginning on the date on which the amendments
11 made by this section would otherwise affect the ben-
12 efits received by a household.

13 **SEC. 4003. ELIGIBILITY DISQUALIFICATIONS.**

14 Section 6(e)(3)(B) of Food and Nutrition Act of
15 2008 (7 U.S.C. 2015(e)(3)(B)) is amended by striking
16 “section” and inserting the following: “section, subject to
17 the condition that the course or program of study—

18 “(i) is part of a program of career
19 and technical education (as defined in sec-
20 tion 3 of the Carl D. Perkins Career and
21 Technical Education Act of 2006 (20
22 U.S.C. 2302)) that may be completed in
23 not more than 4 years at an institution of
24 higher education (as defined in section 102

1 of the Higher Education Act of 1965 (20
2 U.S.C. 1002)); or

3 “(ii) is limited to remedial courses,
4 basic adult education, literacy, or English
5 as a second language;”.

6 **SEC. 4004. ENDING SUPPLEMENTAL NUTRITION ASSIST-**
7 **ANCE PROGRAM BENEFITS FOR LOTTERY OR**
8 **GAMBLING WINNERS.**

9 (a) IN GENERAL.—Section 6 of the Food and Nutri-
10 tion Act of 2008 (7 U.S.C. 2015) is amended by adding
11 at the end the following:

12 “(r) INELIGIBILITY FOR BENEFITS DUE TO RECEIPT
13 OF SUBSTANTIAL LOTTERY OR GAMBLING WINNINGS.—

14 “(1) IN GENERAL.—Any household in which a
15 member receives substantial lottery or gambling
16 winnings, as determined by the Secretary, shall lose
17 eligibility for benefits immediately upon receipt of
18 the winnings.

19 “(2) DURATION OF INELIGIBILITY.—A house-
20 hold described in paragraph (1) shall remain ineli-
21 gible for participation until the household meets the
22 allowable financial resources and income eligibility
23 requirements under subsections (c), (d), (e), (f), (g),
24 (i), (k), (l), (m), and (n) of section 5.

1 “(3) AGREEMENTS.—As determined by the Sec-
2 retary, each State agency, to the maximum extent
3 practicable, shall establish agreements with entities
4 responsible for the regulation or sponsorship of gam-
5 ing in the State to determine whether individuals
6 participating in the supplemental nutrition assist-
7 ance program have received substantial lottery or
8 gambling winnings.”.

9 (b) CONFORMING AMENDMENTS.—Section 5(a) of
10 the Food and Nutrition Act of 2008 (7 U.S.C. 2014(a))
11 is amended in the second sentence by striking “sections
12 6(b), 6(d)(2), and 6(g)” and inserting “subsections (b),
13 (d)(2), (g), and (r) of section 6”.

14 **SEC. 4005. RETAIL FOOD STORES.**

15 (a) DEFINITION OF RETAIL FOOD STORE.—Sub-
16 section (o)(1)(A) of section 3 of the Food and Nutrition
17 Act of 2008 (7 U.S.C. 2012) (as redesignated by section
18 4016(a)(4)) is amended by striking “at least 2” and in-
19 serting “at least 3”.

20 (b) ALTERNATIVE BENEFIT DELIVERY.—Section
21 7(f) of the Food and Nutrition Act of 2008 (7 U.S.C.
22 2016(f)) is amended—

23 (1) by striking paragraph (2) and inserting the
24 following:

25 “(2) IMPOSITION OF COSTS.—

1 “(A) IN GENERAL.—Except as provided in
2 subparagraph (B), the Secretary shall require
3 participating retail food stores (including res-
4 taurants participating in a State option res-
5 taurant program intended to serve the elderly,
6 disabled, and homeless) to pay 100 percent of
7 the costs of acquiring, and arrange for the im-
8 plementation of, electronic benefit transfer
9 point-of-sale equipment and supplies, including
10 related services.

11 “(B) EXEMPTIONS.—The Secretary may
12 exempt from subparagraph (A)—

13 “(i) farmers’ markets, military com-
14 missaries, nonprofit food buying coopera-
15 tives, and establishments, organizations,
16 programs, or group living arrangements
17 described in paragraphs (5), (7), and (8)
18 of section 3(k); and

19 “(ii) establishments described in para-
20 graphs (3), (4), and (9) of section 3(k),
21 other than restaurants participating in a
22 State option restaurant program.”; and

23 (2) by adding at the end the following:

24 “(4) TERMINATION OF MANUAL VOUCHERS.—

1 “(A) IN GENERAL.—Effective beginning on
2 the date of enactment of this paragraph, except
3 as provided in subparagraph (B), no State shall
4 issue manual vouchers to a household that re-
5 ceives supplemental nutrition assistance under
6 this Act or allow retail food stores to accept
7 manual vouchers as payment, unless the Sec-
8 retary determines that the manual vouchers are
9 necessary, such as in the event of an electronic
10 benefit transfer system failure or a disaster sit-
11 uation.

12 “(B) EXEMPTIONS.—The Secretary may
13 exempt categories of retail food stores or indi-
14 vidual retail food stores from subparagraph (A)
15 based on criteria established by the Secretary.

16 “(5) UNIQUE IDENTIFICATION NUMBER RE-
17 QUIRED.—The Secretary shall require all parties
18 providing electronic benefit transfer services to pro-
19 vide for and maintain unique terminal identification
20 number information through the supplemental nutri-
21 tion assistance program electronic benefit transfer
22 transaction routing system.”.

23 (c) ELECTRONIC BENEFIT TRANSFERS.—Section
24 7(h)(3)(B) of the Food and Nutrition Act of 2008 (7
25 U.S.C. 2016(h)(3)(B)) is amended by striking “is oper-

1 ational—” and all that follows through “(ii) in the case
2 of other participating stores,” and inserting “is oper-
3 ational”.

4 (d) APPROVAL OF RETAIL FOOD STORES AND
5 WHOLESALE FOOD CONCERNS.—Section 9 of the Food
6 and Nutrition Act of 2008 (7 U.S.C. 2018) is amended—

7 (1) in subsection (a)—

8 (A) in the second sentence of paragraph
9 (a)(1), by striking “; and (C)” and inserting “;
10 (C) whether the applicant is located in an area
11 with significantly limited access to food; and
12 (D)”;

13 (2) by adding at the end the following:

14 “(4) RETAIL FOOD STORES WITH SIGNIFICANT
15 SALES OF EXCEPTED ITEMS.—

16 “(A) IN GENERAL.—No retail food store
17 for which at least 45 percent of the total sales
18 of the retail food store is from the sale of ex-
19 cepted items described in section 3(k)(1) may
20 be authorized to accept and redeem benefits un-
21 less the Secretary determines that the partici-
22 pation of the retail food store is required for
23 the effective and efficient operation of the sup-
24 plemental nutrition assistance program.

1 “(B) APPLICATION.—Subparagraph (A)
2 shall be effective—

3 “(i) in the case of retail food stores
4 applying to be authorized for the first
5 time, beginning on the date that is 1 year
6 after the date of enactment of this para-
7 graph; and

8 “(ii) in the case of retail food stores
9 participating in the program on the date of
10 enactment of this paragraph, during peri-
11 odic reauthorization in accordance with
12 paragraph (2)(A).”; and

13 (3) by adding at the end the following:

14 “(g) EBT SERVICE REQUIREMENT.—An approved
15 retail food store shall provide adequate EBT service as
16 described in section 7(h)(3)(B).”.

17 **SEC. 4006. IMPROVING SECURITY OF FOOD ASSISTANCE.**

18 Section 7(h)(8) of the Food and Nutrition Act of
19 2008 (7 U.S.C. 2016(h)(8)) is amended—

20 (1) by striking the paragraph heading and in-
21 serting “REPLACEMENT OF CARDS.—”;

22 (2) by striking “A State” and inserting the fol-
23 lowing:

24 “(A) FEES.—A State”; and

1 (3) by adding after subparagraph (A) (as so
2 designated by paragraph (2)) the following:

3 “(B) PURPOSEFUL LOSS OF CARDS.—

4 “(i) IN GENERAL.—Subject to terms
5 and conditions established by the Secretary
6 in accordance with clause (ii), if a house-
7 hold makes excessive requests for replace-
8 ment of the electronic benefit transfer card
9 of the household, the Secretary may re-
10 quire a State agency to decline to issue a
11 replacement card to the household unless
12 the household, upon request of the State
13 agency, provides an explanation for the
14 loss of the card.

15 “(ii) REQUIREMENTS.—The terms
16 and conditions established by the Secretary
17 shall provide that—

18 “(I) the household be given the
19 opportunity to provide the requested
20 explanation and meet the require-
21 ments under this paragraph promptly;

22 “(II) after an excessive number
23 of lost cards, the head of the house-
24 hold shall be required to review pro-
25 gram rights and responsibilities with

1 State agency personnel authorized to
2 make determinations under section
3 5(a); and

4 “(III) any action taken, including
5 actions required under section
6 6(b)(2), other than the withholding of
7 the electronic benefit transfer card
8 until an explanation described in sub-
9 clause (I) is provided, shall be con-
10 sistent with the due process protec-
11 tions under section 6(b) or 11(e)(10),
12 as appropriate.

13 “(C) PROTECTING VULNERABLE PER-
14 SONS.—In implementing this paragraph, a
15 State agency shall act to protect homeless per-
16 sons, persons with disabilities, victims of
17 crimes, and other vulnerable persons who lose
18 electronic benefit transfer cards but are not in-
19 tentionally committing fraud.

20 “(D) EFFECT ON ELIGIBILITY.—While a
21 State may decline to issue an electronic benefits
22 transfer card until a household satisfies the re-
23 quirements under this paragraph, nothing in
24 this paragraph shall be considered a denial of,

1 or limitation on, the eligibility for benefits
2 under section 5.”.

3 **SEC. 4007. TECHNOLOGY MODERNIZATION FOR RETAIL**
4 **FOOD STORES.**

5 (a) **MOBILE TECHNOLOGIES.**—Section 7(h) of the
6 Food and Nutrition Act of 2008 (7 U.S.C. 2016(h)) (as
7 amended by section 4016(e)) is amended by adding at the
8 end the following:

9 “(14) **MOBILE TECHNOLOGIES.**—

10 “(A) **IN GENERAL.**—Subject to subpara-
11 graph (B), the Secretary shall approve retail
12 food stores to redeem benefits through elec-
13 tronic means other than wired point of sale de-
14 vices for electronic benefit transfer transactions,
15 if the retail food stores—

16 “(i) establish recipient protections re-
17 garding privacy, ease of use, access, and
18 support similar to the protections provided
19 for transactions made in retail food stores;

20 “(ii) bear the costs of obtaining, in-
21 stalling, and maintaining mobile tech-
22 nologies, including mechanisms needed to
23 process EBT cards and transaction fees;

24 “(iii) demonstrate the foods purchased
25 with benefits issued under this section

1 through mobile technologies are purchased
2 at a price not higher than the price of the
3 same food purchased by other methods
4 used by the retail food store, as determined
5 by the Secretary;

6 “(iv) provide adequate documentation
7 for each authorized transaction, as deter-
8 mined by the Secretary; and

9 “(v) meet other criteria as established
10 by the Secretary.

11 “(B) DEMONSTRATION PROJECT ON AC-
12 CEPTANCE OF BENEFITS OF MOBILE TRANS-
13 ACTIONS.—

14 “(i) IN GENERAL.—Before authorizing
15 implementation of subparagraph (A) in all
16 States, the Secretary shall pilot the use of
17 mobile technologies determined by the Sec-
18 retary to be appropriate to test the feasi-
19 bility and implications for program integ-
20 rity, by allowing retail food stores to accept
21 benefits from recipients of supplemental
22 nutrition assistance through mobile trans-
23 actions.

24 “(ii) DEMONSTRATION PROJECTS.—
25 To be eligible to participate in a dem-

1 onstration project under clause (i), a retail
2 food store shall submit to the Secretary for
3 approval a plan that includes—

4 “(I) a description of the tech-
5 nology;

6 “(II) the manner by which the
7 retail food store will provide proof of
8 the transaction to households;

9 “(III) the provision of data to
10 the Secretary, consistent with require-
11 ments established by the Secretary, in
12 a manner that allows the Secretary to
13 evaluate the impact of the demonstra-
14 tion on participant access, ease of use,
15 and program integrity; and

16 “(IV) such other criteria as the
17 Secretary may require.

18 “(iii) DATE OF COMPLETION.—The
19 demonstration projects under this subpara-
20 graph shall be completed and final reports
21 submitted to the Secretary by not later
22 than July 1, 2015.

23 “(C) REPORT TO CONGRESS.—The Sec-
24 retary shall—

1 “(i) by not later than January 1,
2 2016, authorize implementation of sub-
3 paragraph (A) in all States, unless the
4 Secretary makes a finding, based on the
5 data provided under subparagraph (B),
6 that implementation in all States is not in
7 the best interest of the supplemental nutri-
8 tion assistance program; and

9 “(ii) if the determination made in
10 clause (i) is not to implement subpara-
11 graph (A) in all States, submit a report to
12 the Committee on Agriculture of the House
13 of Representatives and the Committee on
14 Agriculture, Nutrition, and Forestry of the
15 Senate that includes the basis of the find-
16 ing.”.

17 (b) ACCEPTANCE OF BENEFITS THROUGH ON-LINE
18 TRANSACTIONS.—

19 (1) IN GENERAL.—Section 7 of the Food and
20 Nutrition Act of 2008 (7 U.S.C. 2016) is amended
21 by adding at the end the following:

22 “(k) OPTION TO ACCEPT PROGRAM BENEFITS
23 THROUGH ON-LINE TRANSACTIONS.—

24 “(1) IN GENERAL.—Subject to paragraph (4),
25 the Secretary shall approve retail food stores to ac-

1 cept benefits from recipients of supplemental nutri-
2 tion assistance through on-line transactions.

3 “(2) REQUIREMENTS TO ACCEPT BENEFITS.—A
4 retail food store seeking to accept benefits from re-
5 cipients of supplemental nutrition assistance through
6 on-line transactions shall—

7 “(A) establish recipient protections regard-
8 ing privacy, ease of use, access, and support
9 similar to the protections provided for trans-
10 actions made in retail food stores;

11 “(B) ensure benefits are not used to pay
12 delivery, ordering, convenience, or other fees or
13 charges;

14 “(C) clearly notify participating households
15 at the time a food order is placed—

16 “(i) of any delivery, ordering, conven-
17 ience, or other fee or charge associated
18 with the food purchase; and

19 “(ii) that any such fee cannot be paid
20 with benefits provided under this Act;

21 “(D) ensure the security of on-line trans-
22 actions by using the most effective technology
23 available that the Secretary considers appro-
24 priate and cost-effective and that is comparable

1 to the security of transactions at retail food
2 stores; and

3 “(E) meet other criteria as established by
4 the Secretary.

5 “(3) STATE AGENCY ACTION.—Each State
6 agency shall ensure that recipients of supplemental
7 nutrition assistance can use benefits on-line as de-
8 scribed in this subsection as appropriate.

9 “(4) DEMONSTRATION PROJECT ON ACCEPT-
10 ANCE OF BENEFITS THROUGH ON-LINE TRANS-
11 ACTIONS.—

12 “(A) IN GENERAL.—Before the Secretary
13 authorizes implementation of paragraph (1) in
14 all States, the Secretary shall carry out a num-
15 ber of demonstration projects as determined by
16 the Secretary to test the feasibility of allowing
17 retail food stores to accept benefits through on-
18 line transactions.

19 “(B) DEMONSTRATION PROJECTS.—To be
20 eligible to participate in a demonstration project
21 under subparagraph (A), a retail food store
22 shall submit to the Secretary for approval a
23 plan that includes—

1 “(i) a method of ensuring that bene-
2 fits may be used to purchase only eligible
3 items under this Act;

4 “(ii) a description of the method of
5 educating participant households about the
6 availability and operation of on-line pur-
7 chasing;

8 “(iii) adequate testing of the on-line
9 purchasing option prior to implementation;

10 “(iv) the provision of data as re-
11 quested by the Secretary for purposes of
12 analyzing the impact of the project on par-
13 ticipant access, ease of use, and program
14 integrity;

15 “(v) reports on progress, challenges,
16 and results, as determined by the Sec-
17 retary; and

18 “(vi) such other criteria, including se-
19 curity criteria, as established by the Sec-
20 retary.

21 “(C) DATE OF COMPLETION.—The dem-
22 onstration projects under this paragraph shall
23 be completed and final reports submitted to the
24 Secretary by not later than July 1, 2015.

1 “(5) REPORT TO CONGRESS.—The Secretary
2 shall—

3 “(A) by not later than January 1, 2016,
4 authorize implementation of paragraph (1) in
5 all States, unless the Secretary makes a find-
6 ing, based on the data provided under para-
7 graph (4), that implementation in all States is
8 not in the best interest of the supplemental nu-
9 trition assistance program; and

10 “(B) if the determination made in sub-
11 paragraph (A) is not to implement in all States,
12 submit a report to the Committee on Agri-
13 culture of the House of Representatives and the
14 Committee on Agriculture, Nutrition, and For-
15 forestry of the Senate that includes the basis of
16 the finding.”.

17 (2) CONFORMING AMENDMENTS.—

18 (A) Section 7(b) of the Food and Nutrition
19 Act of 2008 (7 U.S.C. 2016(b)) is amended by
20 striking “purchase food in retail food stores”
21 and inserting “purchase food from retail food
22 stores”.

23 (B) Section 10 of the Food and Nutrition
24 Act of 2008 (7 U.S.C. 2019) is amended in the
25 first sentence by inserting “retail food stores

1 authorized to accept and redeem benefits
2 through on-line transactions shall be authorized
3 to accept benefits prior to the delivery of food
4 if the delivery occurs within a reasonable time
5 of the purchase, as determined by the Sec-
6 retary,” after “food so purchased,”.

7 (c) SAVINGS CLAUSE.—Nothing in this section or an
8 amendment made by this section alter any requirements
9 of the Food and Nutrition Act of 2008 (7 U.S.C. 2011
10 et seq.) unless specifically authorized in this section or an
11 amendment made by this section.

12 **SEC. 4008. USE OF BENEFITS FOR PURCHASE OF COMMU-**
13 **NITY-SUPPORTED AGRICULTURE SHARE.**

14 Section 10 of the Food and Nutrition Act of 2008
15 (7 U.S.C. 2019) (as amended by section 4007(b)(2)(B))
16 is amended in the first sentence by inserting “agricultural
17 producers who market agricultural products directly to
18 consumers shall be authorized to redeem benefits for the
19 initial cost of the purchase of a community-supported agri-
20 culture share for an appropriate time in advance of food
21 delivery as determined by the Secretary,” after “as deter-
22 mined by the Secretary,”.

23 **SEC. 4009. RESTAURANT MEALS PROGRAM.**

24 (a) IN GENERAL.—Section 11(e) of the Food and
25 Nutrition Act of 2008 (7 U.S.C. 2020(e)) is amended—

1 (1) in paragraph (22), by striking “and” at the
2 end;

3 (2) in paragraph (23), by striking the period at
4 the end of subparagraph (C) and inserting “; and”;
5 and

6 (3) by adding at the end the following:

7 “(24) if the State elects to carry out a program
8 to contract with private establishments to offer
9 meals at concessional prices, as described in para-
10 graphs 3, 4, and 9 of section 3(k)—

11 “(A) the plans of the State agency for op-
12 erating the program, including—

13 “(i) documentation of a need that eli-
14 gible homeless, elderly, and disabled clients
15 are underserved in a particular geographic
16 area;

17 “(ii) the manner by which the State
18 agency will limit participation to only those
19 private establishments that the State de-
20 termines necessary to meet the need identi-
21 fied in clause (i); and

22 “(iii) any other conditions the Sec-
23 retary may prescribe, such as the level of
24 security necessary to ensure that only eligi-

1 ble recipients participate in the program;

2 and

3 “(B) a report by the State agency to the

4 Secretary annually, the schedule of which shall

5 be established by the Secretary, that includes—

6 “(i) the number of households and in-

7 dividual recipients authorized to partici-

8 pate in the program, including any infor-

9 mation on whether the individual recipient

10 is elderly, disabled, or homeless; and

11 “(ii) an assessment of whether the

12 program is meeting an established need, as

13 documented under subparagraph (A)(i).”.

14 (b) APPROVAL OF RETAIL FOOD STORES AND

15 WHOLESALE FOOD CONCERNS.—Section 9 of the Food

16 and Nutrition Act of 2008 (7 U.S.C. 2018) (as amended

17 by section 4005(d)(3)) is amended by adding at the end

18 the following:

19 “(h) PRIVATE ESTABLISHMENTS.—

20 “(1) IN GENERAL.—Subject to paragraph (2),

21 no private establishment that contracts with a State

22 agency to offer meals at concessional prices as de-

23 scribed in paragraphs 3, 4, and 9 of section 3(k)

24 may be authorized to accept and redeem benefits un-

25 less the Secretary determines that the participation

1 of the private establishment is required to meet a
2 documented need in accordance with section
3 11(e)(24).

4 “(2) EXISTING CONTRACTS.—

5 “(A) IN GENERAL.—If, on the day before
6 the date of enactment of this subsection, a
7 State has entered into a contract with a private
8 establishment described in paragraph (1) and
9 the Secretary has not determined that the par-
10 ticipation of the private establishment is nec-
11 essary to meet a documented need in accord-
12 ance with section 11(e)(24), the Secretary shall
13 allow the operation of the private establishment
14 to continue without that determination of need
15 for a period not to exceed 180 days from the
16 date on which the Secretary establishes deter-
17 mination criteria, by regulation, under section
18 11(e)(24).

19 “(B) JUSTIFICATION.—If the Secretary
20 makes a determination to terminate a contract
21 with a private establishment that is in effect on
22 the date of enactment of this subsection, the
23 Secretary shall provide justification to the State
24 in which the private establishment is located for
25 that termination.

1 “(3) REPORT TO CONGRESS.—Not later than
2 90 days after September 30, 2013, and 90 days
3 after the last day of each fiscal year thereafter, the
4 Secretary shall report to the Committee on Agri-
5 culture of the House of Representatives and the
6 Committee on Agriculture, Nutrition, and Forestry
7 of the Senate on the effectiveness of a program
8 under this subsection using any information received
9 from States under section 11(e)(24) as well as any
10 other information the Secretary may have relating to
11 the manner in which benefits are used.”.

12 (c) CONFORMING AMENDMENTS.—Section 3(k) of
13 the Food and Nutrition Act of 2008 (7 U.S.C. 2012(k))
14 is amended by inserting “subject to section 9(h)” after
15 “concessional prices” each place it appears.

16 **SEC. 4010. QUALITY CONTROL ERROR RATE DETERMINA-**
17 **TION.**

18 Section 16(c) of the Food and Nutrition Act of 2008
19 (7 U.S.C. 2025(c)) is amended by adding at the end the
20 following:

21 “(10) TOLERANCE LEVEL.—For the purposes
22 of this subsection, the Secretary shall set the toler-
23 ance level for excluding small errors at \$25.”.

1 **SEC. 4011. PERFORMANCE BONUS PAYMENTS.**

2 Section 16(d) of the Food and Nutrition Act of 2008
3 (7 U.S.C. 2025(d)) is amended by adding at the end the
4 following:

5 “(5) USE OF PERFORMANCE BONUS PAY-
6 MENTS.—A State agency may use a performance
7 bonus payment received under this subsection only
8 to carry out the program established under this Act,
9 including investments in—

10 “(A) technology;

11 “(B) improvements in administration and
12 distribution; and

13 “(C) actions to prevent fraud, waste, and
14 abuse.”.

15 **SEC. 4012. AUTHORIZATION OF APPROPRIATIONS.**

16 Section 18(a)(1) of the Food and Nutrition Act of
17 2008 (7 U.S.C. 2027(a)(1)) is amended in the first sen-
18 tence by striking “2012” and inserting “2017”.

19 **SEC. 4013. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

20 Section 25 of the Food and Nutrition Act of 2008
21 (7 U.S.C. 2034) is amended—

22 (1) in subsection (a)(1)(B)(ii)—

23 (A) by striking subclause (I); and

24 (B) by redesignating subclauses (II) and
25 (III) as subclauses (I) and (II), respectively;

26 and

1 (2) in subsection (b), by adding at the end the
2 following:

3 “(3) FUNDING.—

4 “(A) IN GENERAL.—Out of any funds in
5 the Treasury not otherwise appropriated, the
6 Secretary of the Treasury shall transfer to the
7 Secretary to carry out this section not less than
8 \$5,000,000 for fiscal year 2013 and each fiscal
9 year thereafter.

10 “(B) RECEIPT AND ACCEPTANCE.—The
11 Secretary shall be entitled to receive, shall ac-
12 cept, and shall use to carry out this section the
13 funds transferred under subparagraph (A),
14 without further appropriation.

15 “(C) MAINTENANCE OF FUNDING.—The
16 funding provided under subparagraph (A) shall
17 supplement (and not supplant) other Federal
18 funding made available to the Secretary to
19 carry out this section.”.

20 **SEC. 4014. EMERGENCY FOOD ASSISTANCE.**

21 (a) PURCHASE OF COMMODITIES.—Section 27(a) of
22 the Food and Nutrition Act of 2008 (7 U.S.C. 2036(a))
23 is amended—

24 (1) in paragraph (1), by striking “2008
25 through 2012” and inserting “2012 through 2017”;

1 (2) by striking paragraph (2) and inserting the
2 following:

3 “(2) AMOUNTS.—The Secretary shall use to
4 carry out paragraph (1)—

5 “(A) for fiscal year 2012, \$260,250,000;
6 and

7 “(B) for each subsequent fiscal year, the
8 dollar amount of commodities specified in sub-
9 paragraph (A) adjusted by the percentage by
10 which the thrifty food plan has been adjusted
11 under section 3(u)(4) between June 30, 2012,
12 and June 30 of the immediately preceding fiscal
13 year, and subsequently increased by—

14 “(i) for fiscal year 2013, \$28,000,000;

15 “(ii) for fiscal year 2014,
16 \$44,000,000;

17 “(iii) for fiscal year 2015,
18 \$24,000,000;

19 “(iv) for fiscal year 2016,
20 \$18,000,000; and

21 “(v) for fiscal year 2017 and each fis-
22 cal year thereafter, \$10,000,000.”; and

23 (3) by adding at the end the following:

1 “(3) FUNDS AVAILABILITY.—For purposes of
2 the funds described in this subsection, the Secretary
3 shall—

4 “(A) make the funds available for 2 fiscal
5 years; and

6 “(B) allow States to carry over unex-
7 pended balances to the next fiscal year pursu-
8 ant to such terms and conditions as are deter-
9 mined by the Secretary.”.

10 (b) EMERGENCY FOOD PROGRAM INFRASTRUCTURE
11 GRANTS.—Section 209(d) of the Emergency Food Assist-
12 ance Act of 1983 (7 U.S.C. 7511a(d)) is amended by
13 striking “2012” and inserting “2017”.

14 **SEC. 4015. NUTRITION EDUCATION.**

15 Section 28(b) of the Food and Nutrition Act of 2008
16 (7 U.S.C. 2036a(b)) is amended by inserting “and phys-
17 ical activity” after “healthy food choices”.

18 **SEC. 4016. RETAIL FOOD STORE AND RECIPIENT TRAF-**
19 **FICKING.**

20 The Food and Nutrition Act of 2008 (7 U.S.C. 2011
21 et seq.) is amended by adding at the end the following:

22 **“SEC. 29. RETAIL FOOD STORE AND RECIPIENT TRAF-**
23 **FICKING.**

24 “(a) PURPOSE.—The purpose of this section is to
25 provide the Department of Agriculture with additional re-

1 sources to prevent trafficking in violation of this Act by
2 strengthening recipient and retail food store program in-
3 tegrity.

4 “(b) USE OF FUNDS.—Additional funds are provided
5 under this section to supplement the retail food store and
6 recipient integrity activities of the Department.

7 “(c) FUNDING.—

8 “(1) IN GENERAL.—Out of any funds in the
9 Treasury not otherwise appropriated, the Secretary
10 of the Treasury shall transfer to the Secretary to
11 carry out this section not less than \$18,500,000 for
12 fiscal year 2013 and each fiscal year thereafter.

13 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
14 retary shall be entitled to receive, shall accept, and
15 shall use to carry out this section the funds trans-
16 ferred under paragraph (1), without further appro-
17 priation.

18 “(3) MAINTENANCE OF FUNDING.—The fund-
19 ing provided under paragraph (1) shall supplement
20 (and not supplant) other Federal funding for pro-
21 grams carried out under this Act.”.

22 **SEC. 4017. TECHNICAL AND CONFORMING AMENDMENTS.**

23 (a) Section 3 of the Food and Nutrition Act of 2008
24 (7 U.S.C. 2012) is amended—

1 (1) in subsection (g), by striking “coupon,” and
2 inserting “coupon”;

3 (2) in subsection (k)(7), by striking “or are”
4 and inserting “and”;

5 (3) by striking subsection (l);

6 (4) by redesignating subsections (m) through
7 (t) as subsections (l) through (s), respectively; and

8 (5) by inserting after subsection (s) (as so re-
9 designated) the following:

10 “(t) ‘Supplemental nutrition assistance program’
11 means the program operated pursuant to this Act.”.

12 (b) Section 4(a) of the Food and Nutrition Act of
13 2008 (7 U.S.C. 2013(a)) is amended in the last sentence
14 by striking “benefits” and inserting “Benefits”.

15 (c) Section 5 of the Food and Nutrition Act of 2008
16 (7 U.S.C. 2014) is amended—

17 (1) in the last sentence of subsection (i)(2)(D),
18 by striking “section 13(b)(2)” and inserting “section
19 13(b)”;

20 (2) in subsection (k)(4)(A), by striking “para-
21 graph (2)(H)” and inserting “paragraph (2)(G)”.

22 (d) Section 6(d)(4) of the Food and Nutrition Act
23 of 2008 (7 U.S.C. 2015(d)(4)) is amended in subpara-
24 graphs (B)(vii) and (F)(iii) by indenting both clauses ap-
25 propriately.

1 (e) Section 7(h) of the Food and Nutrition Act of
2 2008 (7 U.S.C. 2016(h)) is amended by redesignating the
3 second paragraph (12) (relating to interchange fees) as
4 paragraph (13).

5 (f) Section 9(a) of the Food and Nutrition Act of
6 2008 (7 U.S.C. 2018(a)) is amended by indenting para-
7 graph (3) appropriately.

8 (g) Section 12 of the Food and Nutrition Act of 2008
9 (7 U.S.C. 2021) is amended—

10 (1) in subsection (b)(3)(C), by striking “civil
11 money penalties” and inserting “civil penalties”; and

12 (2) in subsection (g)(1), by striking “(7 U.S.C.
13 1786)” and inserting “(42 U.S.C. 1786)”.

14 (h) Section 15(b)(1) of the Food and Nutrition Act
15 of 2008 (7 U.S.C. 2024(b)(1)) is amended in the first sen-
16 tence by striking “an benefit” and inserting “a benefit”.

17 (i) Section 16(a) of the Food and Nutrition Act of
18 2008 (7 U.S.C. 2025(a)) is amended in the proviso fol-
19 lowing paragraph (8) by striking “as amended.”.

20 (j) Section 18(e) of the Food and Nutrition Act of
21 2008 (7 U.S.C. 2027(e)) is amended in the first sentence
22 by striking “sections 7(f)” and inserting “section 7(f)”.

23 (k) Section 22(b)(10)(B)(i) of the Food and Nutri-
24 tion Act of 2008 (7 U.S.C. 2031(b)(10)(B)(i)) is amended

1 in the last sentence by striking “Food benefits” and in-
2 serting “Benefits”.

3 (l) Section 26(f)(3)(C) of the Food and Nutrition Act
4 of 2008 (7 U.S.C. 2035(f)(3)(C)) is amended by striking
5 “subsection” and inserting “subsections”.

6 (m) Section 27(a)(1) of the Food and Nutrition Act
7 of 2008 (7 U.S.C. 2036(a)(1)) is amended by striking
8 “(Public Law 98–8; 7 U.S.C. 612c note)” and inserting
9 “(7 U.S.C. 7515)”.

10 (n) Section 509 of the Older Americans Act of 1965
11 (42 U.S.C. 3056g) is amended in the section heading by
12 striking “**FOOD STAMP PROGRAMS**” and inserting
13 “**SUPPLEMENTAL NUTRITION ASSISTANCE PRO-**
14 **GRAMS**”.

15 (o) Section 4115(c)(2)(H) of the Food, Conservation,
16 and Energy Act of 2008 (Public Law 110–246; 122 Stat.
17 1871) is amended by striking “531” and inserting “454”.

18 **Subtitle B—Commodity**

19 **Distribution Programs**

20 **SEC. 4101. COMMODITY DISTRIBUTION PROGRAM.**

21 Section 4(a) of the Agriculture and Consumer Protec-
22 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–
23 86) is amended in the first sentence by striking “2012”
24 and inserting “2017”.

1 **SEC. 4102. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

2 Section 5 of the Agriculture and Consumer Protec-
3 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93-
4 86) is amended—

5 (1) in paragraphs (1) and (2)(B) of subsection
6 (a), by striking “2012” each place it appears and in-
7 serting “2017”;

8 (2) in the first sentence of subsection (d)(2), by
9 striking “2012” and inserting “2017”;

10 (3) by striking subsection (g) and inserting the
11 following:

12 “(g) ELIGIBILITY.—Except as provided in subsection
13 (m), the States shall only provide assistance under the
14 commodity supplemental food program to low-income per-
15 sons aged 60 and older.”; and

16 (4) by adding at the end the following:

17 “(m) PHASE-OUT.—Notwithstanding any other provi-
18 sion of law, an individual who receives assistance under
19 the commodity supplemental food program on the day be-
20 fore the date of enactment of this subsection shall con-
21 tinue to receive that assistance until the date on which
22 the individual is no longer eligible for assistance under the
23 eligibility requirements for the program in effect on the
24 day before the date of enactment of this subsection.”.

1 **SEC. 4103. DISTRIBUTION OF SURPLUS COMMODITIES TO**
2 **SPECIAL NUTRITION PROJECTS.**

3 Section 1114(a)(2)(A) of the Agriculture and Food
4 Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the
5 first sentence by striking “2012” and inserting “2017”.

6 **SEC. 4104. TECHNICAL AND CONFORMING AMENDMENTS.**

7 Section 3 of the Commodity Distribution Reform Act
8 and WIC Amendments of 1987 (7 U.S.C. 612c note; Pub-
9 lic Law 100–237) is amended—

10 (1) in subsection (a)—

11 (A) in paragraph (2), by striking subpara-
12 graph (B) and inserting the following:

13 “(B) the program established under sec-
14 tion 4(b) of the Food and Nutrition Act of
15 2008 (7 U.S.C. 2013(b));”; and

16 (B) in paragraph (3)(D), by striking “the
17 Committee on Education and Labor” and in-
18 serting “the Committee on Education and the
19 Workforce”;

20 (2) in subsection (b)(1)(A)(ii), by striking “sec-
21 tion 32 of the Agricultural Adjustment Act (7
22 U.S.C. 601 et seq.)” and inserting “section 32 of
23 the Act of August 24, 1935 (7 U.S.C. 612c)”;

24 (3) in subsection (e)(1)(D)(iii), by striking sub-
25 clause (II) and inserting the following:

1 “(II) the program established
2 under section 4(b) of the Food and
3 Nutrition Act of 2008 (7 U.S.C.
4 2013(b));”; and

5 (4) in subsection (k), by striking “the Com-
6 mittee on Education and Labor” and inserting “the
7 Committee on Education and the Workforce”.

8 **Subtitle C—Miscellaneous**

9 **SEC. 4201. PURCHASE OF FRESH FRUITS AND VEGETABLES** 10 **FOR DISTRIBUTION TO SCHOOLS AND SERV-** 11 **ICE INSTITUTIONS.**

12 Section 10603(b) of the Farm Security and Rural In-
13 vestment Act of 2002 (7 U.S.C. 612c–4(b)) is amended
14 by striking “2012” and inserting “2017”.

15 **SEC. 4202. SENIORS FARMERS’ MARKET NUTRITION PRO-** 16 **GRAM.**

17 Section 4402(a) of the Farm Security and Rural In-
18 vestment Act of 2002 (7 U.S.C. 3007(a)) is amended by
19 striking “2012” and inserting “2017”.

20 **SEC. 4203. NUTRITION INFORMATION AND AWARENESS** 21 **PILOT PROGRAM.**

22 Section 4403 of the Farm Security and Rural Invest-
23 ment Act of 2002 (7 U.S.C. 3171 note; Public Law 107–
24 171) is repealed.

1 **SEC. 4204. WHOLE GRAIN PRODUCTS.**

2 Section 4305 of the Food, Conservation, and Energy
3 Act of 2008 (42 U.S.C. 1755a) is amended—

4 (1) in subsection (a), by striking “2005” and
5 inserting “2010”;

6 (2) in subsection (d), by striking “2011” and
7 inserting “2015”;

8 (3) in subsection (e), by striking “Labor of the
9 House of Representative” and inserting “the Work-
10 force of the House of Representatives”; and

11 (4) by adding at the end the following:

12 “(f) FUNDING.—

13 “(1) IN GENERAL.—On October 1, 2013, out of
14 any funds in the Treasury not otherwise appro-
15 priated, the Secretary of the Treasury shall transfer
16 to the Secretary to carry out this section
17 \$10,000,000 for the period of fiscal years 2014
18 through 2015.

19 “(2) RECEIPT AND ACCEPTANCE.—The Sec-
20 retary shall be entitled to receive, shall accept, and
21 shall use to carry out this section the funds trans-
22 ferred under paragraph (1), without further appro-
23 priation.

24 “(3) MAINTENANCE OF FUNDING.—The fund-
25 ing provided under paragraph (1) shall supplement
26 (and not supplant) other Federal funding (including

1 funds made available under section 32 of the Act of
2 August 24, 1935 (7 U.S.C. 612c) for programs car-
3 ried out under—

4 “(A) the Richard B. Russell National
5 School Lunch Act (42 U.S.C. 1751 et seq.), ex-
6 cept for section 19 of that Act (42 U.S.C.
7 1769a);

8 “(B) the Emergency Food Assistance Act
9 of 1983 (7 U.S.C. 7501 et seq.); and

10 “(C) section 27 of the Food and Nutrition
11 Act of 2008 (7 U.S.C. 2036).”.

12 **SEC. 4205. HUNGER-FREE COMMUNITIES.**

13 Section 4405 of the Food, Conservation, and Energy
14 Act of 2008 (7 U.S.C. 7517) is amended—

15 (1) in subsection (a)—

16 (A) by striking paragraph (1) and insert-
17 ing the following:

18 “(1) ELIGIBLE ENTITY.—

19 “(A) COLLABORATIVE GRANTS.—In sub-
20 section (b), the term ‘eligible entity’ means a
21 public food program service provider or non-
22 profit organization, including an emergency
23 feeding organization, that has collaborated or
24 will collaborate with 1 or more local partner or-

1 organizations to achieve at least 1 hunger-free
2 communities goal.

3 “(B) INCENTIVE GRANTS.—In subsection
4 (c), the term ‘eligible entity’ means a nonprofit
5 organization (including an emergency feeding
6 organization), an agricultural cooperative, pro-
7 ducer network or association, community health
8 organization, public benefit corporation, eco-
9 nomic development corporation, farmers’ mar-
10 ket, community-supported agriculture program,
11 buying club, supplemental nutrition assistance
12 program retail food store, a State, local, or trib-
13 al agency, and any other entity the Secretary
14 designates.”;

15 (B) by adding at the end the following:

16 “(4) SUPPLEMENTAL NUTRITION ASSISTANCE
17 PROGRAM.—The term ‘supplemental nutrition assist-
18 ance program’ means the supplemental nutrition as-
19 sistance program established under the Food and
20 Nutrition Act of 2008 (7 U.S.C. 2011 et seq.).

21 “(5) UNDERSERVED COMMUNITY.—The term
22 ‘underserved community’ has the meaning given the
23 term in section 25 of the Food and Nutrition Act of
24 2008 (7 U.S.C. 2034).”;

1 (2) in subsection (b)(1)(A), by striking “not
2 more than 50 percent of any funds made available
3 under subsection (e)” and inserting “funds made
4 available under subsection (d)(1)”; and

5 (3) by striking subsections (c), (d), and (e) and
6 inserting the following:

7 “(c) HUNGER-FREE COMMUNITIES INCENTIVE
8 GRANTS.—

9 “(1) AUTHORIZATION.—

10 “(A) IN GENERAL.—In each of the years
11 specified in subsection (d), the Secretary shall
12 make grants to eligible entities in accordance
13 with paragraph (2).

14 “(B) FEDERAL SHARE.—The Federal
15 share of the cost of carrying out an activity
16 under this subsection shall not exceed 50 per-
17 cent of the total cost of the activity.

18 “(C) NON-FEDERAL SHARE.—

19 “(i) IN GENERAL.—The non-Federal
20 share of the cost of an activity under this
21 subsection may be provided—

22 “(I) in cash or in-kind contribu-
23 tions as determined by the Secretary,
24 including facilities, equipment, or
25 services; and

1 “(II) by a State or local govern-
2 ment or a private source.

3 “(ii) LIMITATION.—In the case of a
4 for-profit entity, the non-Federal share de-
5 scribed in clause (i) shall not include serv-
6 ices of an employee, including salaries paid
7 or expenses covered by the employer.

8 “(2) CRITERIA.—

9 “(A) IN GENERAL.—For purposes of this
10 subsection, an eligible entity is a governmental
11 agency or nonprofit organization that—

12 “(i) meets the application criteria set
13 forth by the Secretary; and

14 “(ii) proposes a project that, at a
15 minimum—

16 “(I) has the support of the State
17 agency;

18 “(II) would increase the purchase
19 of fruits and vegetables by low-income
20 consumers participating in the supple-
21 mental nutrition assistance program
22 by providing incentives at the point of
23 purchase;

24 “(III) agrees to participate in the
25 evaluation described in paragraph (4);

1 “(IV) ensures that the same
2 terms and conditions apply to pur-
3 chases made by individuals with bene-
4 fits issued under this Act and incen-
5 tives provided for in this subsection as
6 apply to purchases made by individ-
7 uals who are not members of house-
8 holds receiving benefits, such as pro-
9 vided for in section 278.2(b) of title 7,
10 Code of Federal Regulations (or a
11 successor regulation); and

12 “(V) includes effective and effi-
13 cient technologies for benefit redemp-
14 tion systems that may be replicated in
15 other for States and communities.

16 “(B) PRIORITY.—In awarding grants
17 under this section, the Secretary shall give pri-
18 ority to projects that—

19 “(i) maximize the share of funds used
20 for direct incentives to participants;

21 “(ii) use direct-to-consumer sales mar-
22 keting;

23 “(iii) demonstrate a track record of
24 designing and implementing successful nu-
25 trition incentive programs that connect

1 low-income consumers and agricultural
2 producers;

3 “(iv) provide locally or regionally pro-
4 duced fruits and vegetables;

5 “(v) are located in underserved com-
6 munities; or

7 “(vi) address other criteria as estab-
8 lished by the Secretary.

9 “(3) APPLICABILITY.—

10 “(A) IN GENERAL.—The value of any ben-
11 efit provided to a participant in any activity
12 funded under this subsection shall not be con-
13 sidered income or resources for any purpose
14 under any Federal, State, or local law.

15 “(B) PROHIBITION ON COLLECTION OF
16 SALES TAXES.—Each State shall ensure that no
17 State or local tax is collected on a purchase of
18 food under this subsection.

19 “(C) NO LIMITATION ON BENEFITS.—A
20 grant made available under this subsection shall
21 not be used to carry out any project that limits
22 the use of benefits under the Food and Nutri-
23 tion Act of 2008 (7 U.S.C. 2011 et seq.) or any
24 other Federal nutrition law.

1 “(D) HOUSEHOLD ALLOTMENT.—Assist-
2 ance provided under this subsection to house-
3 holds receiving benefits under the supplemental
4 nutrition assistance program shall not—

5 “(i) be considered part of the supple-
6 mental nutrition assistance program bene-
7 fits of the household; or

8 “(ii) be used in the collection or dis-
9 position of claims under section 13 of the
10 Food and Nutrition Act of 2008 (7 U.S.C.
11 2022).

12 “(4) EVALUATION.—

13 “(A) INDEPENDENT EVALUATION.—The
14 Secretary shall provide for an independent eval-
15 uation of projects selected under this subsection
16 that measures the impact of each project on—

17 “(i) improving the nutrition and
18 health status of participating households
19 receiving incentives under this subsection;
20 and

21 “(ii) increasing fruit and vegetable
22 purchases in participating households.

23 “(B) REQUIREMENT.—The independent
24 evaluation under subparagraph (A) shall use
25 rigorous methodologies capable of producing

1 scientifically valid information regarding the ef-
2 fectiveness of a project.

3 “(C) COSTS.—The Secretary may use
4 funds not to exceed 10 percent of the funding
5 provided to carry out this section to pay costs
6 associated with administering, monitoring, and
7 evaluating each project.

8 “(d) FUNDING.—

9 “(1) AUTHORIZATION OF APPROPRIATIONS.—
10 There is authorized to be appropriated to carry out
11 subsection (b) \$5,000,000 for each of fiscal years
12 2013 through 2017.

13 “(2) MANDATORY FUNDING.—Of the funds of
14 the Commodity Credit Corporation, the Secretary
15 shall use to carry out subsection (c)—

16 “(A) \$15,000,000 for fiscal year 2013;

17 “(B) \$20,000,000 for each of fiscal years
18 2014 through 2016; and

19 “(C) \$25,000,000 for fiscal year 2017.”.

20 **SEC. 4206. HEALTHY FOOD FINANCING INITIATIVE.**

21 (a) IN GENERAL.—Subtitle D of title II of the De-
22 partment of Agriculture Reorganization Act of 1994 (7
23 U.S.C. 6951 et seq.) is amended by adding at the end
24 the following:

1 **“SEC. 242. HEALTHY FOOD FINANCING INITIATIVE.**

2 “(a) PURPOSE.—The purpose of this section is to en-
3 hance the authorities of the Secretary to support efforts
4 to provide access to healthy food by establishing an initia-
5 tive to improve access to healthy foods in underserved
6 areas, to create and preserve quality jobs, and to revitalize
7 low-income communities by providing loans and grants to
8 eligible fresh, healthy food retailers to overcome the higher
9 costs and initial barriers to entry in underserved areas.

10 “(b) DEFINITIONS.—In this section:

11 “(1) COMMUNITY DEVELOPMENT FINANCIAL IN-
12 STITUTION.—The term ‘community development fi-
13 nancial institution’ has the meaning given the term
14 in section 103 of the Community Development
15 Banking and Financial Institutions Act of 1994 (12
16 U.S.C. 4702).

17 “(2) INITIATIVE.—The term ‘Initiative’ means
18 the Healthy Food Financing Initiative established
19 under subsection (c)(1).

20 “(3) NATIONAL FUND MANAGER.—The term
21 ‘national fund manager’ means a community devel-
22 opment financial institution that is—

23 “(A) in existence on the date of enactment
24 of this section; and

25 “(B) certified by the Community Develop-
26 ment Financial Institution Fund of the Depart-

1 ment of Treasury to manage the Initiative for
2 purposes of—

3 “(i) raising private capital;

4 “(ii) providing financial and technical
5 assistance to partnerships; and

6 “(iii) funding eligible projects to at-
7 tract fresh, healthy food retailers to under-
8 served areas, in accordance with this sec-
9 tion.

10 “(4) PARTNERSHIP.—The term ‘partnership’
11 means a regional, State, or local public-private part-
12 nership that—

13 “(A) is organized to improve access to
14 fresh, healthy foods;

15 “(B) provides financial and technical as-
16 sistance to eligible projects; and

17 “(C) meets such other criteria as the Sec-
18 retary may establish.

19 “(5) PERISHABLE FOOD.—The term ‘perishable
20 food’ means a staple food that is fresh, refrigerated,
21 or frozen.

22 “(6) QUALITY JOB.—The term ‘quality job’
23 means a job that provides wages and other benefits
24 comparable to, or better than, similar positions in

1 existing businesses of similar size in similar local
2 economies.

3 “(7) STAPLE FOOD.—

4 “(A) IN GENERAL.—The term ‘staple food’
5 means food that is a basic dietary item.

6 “(B) INCLUSIONS.—The term ‘staple food’
7 includes—

8 “(i) bread;

9 “(ii) flour;

10 “(iii) fruits;

11 “(iv) vegetables; and

12 “(v) meat.

13 “(c) INITIATIVE.—

14 “(1) ESTABLISHMENT.—The Secretary shall es-
15 tablish an initiative to achieve the purpose described
16 in subsection (a) in accordance with this subsection.

17 “(2) IMPLEMENTATION.—

18 “(A) IN GENERAL.—

19 “(i) IN GENERAL.—In carrying out
20 the Initiative, the Secretary shall provide
21 funding to entities with eligible projects, as
22 described in subparagraph (B), subject to
23 the priorities described in subparagraph
24 (C).

1 “(ii) USE OF FUNDS.—Funds pro-
2 vided to an entity pursuant to clause (i)
3 shall be used—

4 “(I) to create revolving loan pools
5 of capital or other products to provide
6 loans to finance eligible projects or
7 partnerships;

8 “(II) to provide grants for eligi-
9 ble projects or partnerships;

10 “(III) to provide technical assist-
11 ance to funded projects and entities
12 seeking Initiative funding; and

13 “(IV) to cover administrative ex-
14 penses of the national fund manager
15 in an amount not to exceed 10 per-
16 cent of the Federal funds provided.

17 “(B) ELIGIBLE PROJECTS.—Subject to the
18 approval of the Secretary, the national fund
19 manager shall establish eligibility criteria for
20 projects under the Initiative, which shall include
21 the existence or planned execution of agree-
22 ments—

23 “(i) to expand or preserve the avail-
24 ability of staple foods in underserved areas
25 with moderate- and low-income populations

1 by maintaining or increasing the number
2 of retail outlets that offer an assortment of
3 perishable food and staple food items, as
4 determined by the Secretary, in those
5 areas; and

6 “(ii) to accept benefits under the sup-
7 plemental nutrition assistance program es-
8 tablished under the Food and Nutrition
9 Act of 2008 (7 U.S.C. 2011 et seq.).

10 “(C) PRIORITIES.—In carrying out the Ini-
11 tiative, priority shall be given to projects that—

12 “(i) are located in severely distressed
13 low-income communities, as defined by the
14 Community Development Financial Insti-
15 tutions Fund of the Department of Treas-
16 ury; and

17 “(ii) include 1 or more of the fol-
18 lowing characteristics:

19 “(I) The project will create or re-
20 tain quality jobs for low-income resi-
21 dents in the community.

22 “(II) The project supports re-
23 gional food systems and locally grown
24 foods, to the maximum extent prac-
25 ticable.

1 “(III) In areas served by public
2 transit, the project is accessible by
3 public transit.

4 “(IV) The project involves
5 women- or minority-owned businesses.

6 “(V) The project receives funding
7 from other sources, including other
8 Federal agencies.

9 “(VI) The project otherwise ad-
10 vances the purpose of this section, as
11 determined by the Secretary.

12 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
13 is authorized to be appropriated to the Secretary to carry
14 out this section \$125,000,000, to remain available until
15 expended.”.

16 (b) CONFORMING AMENDMENT.—Section 296(b) of
17 the Department of Agriculture Reorganization Act of
18 1994 (7 U.S.C. 7014(b)) (as amended by section 1609(d))
19 is amended—

20 (1) in paragraph (7), by striking “or” at the
21 end;

22 (2) in paragraph (8), by striking the period at
23 the end and inserting “; or”; and

24 (3) by adding at the end the following:

1 “(9) the authority of the Secretary to establish
2 and carry out the Health Food Financing Initiative
3 under section 242.”.

4 **SEC. 4207. PULSE CROP PRODUCTS.**

5 (a) **PURPOSE.**—The purpose of this section is to en-
6 courage greater awareness and interest in the number and
7 variety of pulse crop products available to schoolchildren,
8 as recommended by the most recent Dietary Guidelines
9 for Americans published under section 301 of the National
10 Nutrition Monitoring and Related Research Act of 1990
11 (7 U.S.C. 5341).

12 (b) **DEFINITIONS.**—In this section:

13 (1) **ELIGIBLE PULSE CROP.**—The term “eligible
14 pulse crop” means dry beans, dry peas, lentils, and
15 chickpeas.

16 (2) **PULSE CROP PRODUCT.**—The term “pulse
17 crop product” means a food product derived in
18 whole or in part from an eligible pulse crop.

19 (c) **PURCHASE OF PULSE CROPS AND PULSE CROP**
20 **PRODUCTS.**—In addition to the commodities delivered
21 under section 6 of the Richard B. Russell National School
22 Lunch Act (42 U.S.C. 1755), the Secretary shall purchase
23 eligible pulse crops and pulse crop products for use in—

1 (1) the school lunch program established under
2 the Richard B. Russell National School Lunch Act
3 (42 U.S.C. 1751 et seq.); and

4 (2) the school breakfast program established by
5 section 4 of the Child Nutrition Act of 1966 (42
6 U.S.C. 1773).

7 (d) EVALUATION.—Not later than September 30,
8 2016, the Secretary shall conduct an evaluation of the ac-
9 tivities conducted under subsection (c), including—

10 (1) an evaluation of whether children partici-
11 pating in the school lunch and breakfast programs
12 described in subsection (c) increased overall con-
13 sumption of eligible pulse crops as a result of the ac-
14 tivities;

15 (2) an evaluation of which eligible pulse crops
16 and pulse crop products are most acceptable for use
17 in the school lunch and breakfast programs;

18 (3) any recommendations of the Secretary re-
19 garding the integration of the use of pulse crop
20 products in carrying out the school lunch and break-
21 fast programs;

22 (4) an evaluation of any change in the nutrient
23 composition in the school lunch and breakfast pro-
24 grams due to the activities; and

1 (5) an evaluation of any other outcomes deter-
2 mined to be appropriate by the Secretary.

3 (e) REPORT.—As soon as practicable after the com-
4 pletion of the evaluation under subsection (d), the Sec-
5 retary shall submit to the Committee on Agriculture, Nu-
6 trition, and Forestry of the Senate and the Committee on
7 Education and the Workforce of the House of Representa-
8 tive a report describing the results of the evaluation.

9 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
10 authorized to be appropriated to carry out this section
11 \$10,000,000, to remain available until expended.

12 **SEC. 4208. DIETARY GUIDELINES FOR AMERICANS.**

13 Section 301(a) of the National Nutrition Monitoring
14 and Related Research Act of 1990 (7 U.S.C. 5341(a)) is
15 amended by adding at the end the following:

16 “(3) PREGNANT WOMEN AND YOUNG CHIL-
17 DREN.—Not later than the 2020 report and in each
18 report thereafter, the Secretaries shall include na-
19 tional nutritional and dietary information and guide-
20 lines for pregnant women and children from birth
21 until the age of 2.”.

22 **SEC. 4209. PURCHASES OF LOCALLY PRODUCED FOODS.**

23 Section 9(j) of the Richard B. Russell National
24 School Lunch Act (42 U.S.C. 1758(j)) is amended—

1 (1) by redesignating paragraphs (1) through
2 (3) as subparagraphs (A) through (C), respectively,
3 and indenting the subparagraphs appropriately;

4 (2) by striking “The Secretary” and inserting
5 the following:

6 “(1) IN GENERAL.—The Secretary”;

7 (3) in paragraph (1) (as so redesignated)—

8 (A) in subparagraph (B)—

9 (i) by striking “paragraph (1) of the
10 policy described in that paragraph and
11 paragraph (3)” and inserting “subpara-
12 graph (A) of the policy described in that
13 subparagraph and subparagraph (C)”;

14 (ii) by striking “and” at the end;

15 (B) in subparagraph (C), by striking the
16 period at the end and inserting “; and”;

17 (C) by adding at the end the following:

18 “(D) not later than 1 year after the date
19 of enactment of this subparagraph, in accord-
20 ance with paragraphs (2) and (3), conduct not
21 fewer than 5 demonstration projects through
22 school food authorities receiving funds under
23 this Act and the Child Nutrition Act of 1966
24 (42 U.S.C. 1771 et seq.) to facilitate the pur-
25 chase of unprocessed and minimally processed

1 locally grown and locally raised agricultural
2 products.”; and

3 (4) by adding at the end the following:

4 “(2) SELECTION.—In conducting demonstration
5 projects under paragraph (1)(D), the Secretary shall
6 ensure that at least 1 project is located in a State
7 in each of—

8 “(A) the Pacific Northwest Region;

9 “(B) the Northeast Region;

10 “(C) the Western Region;

11 “(D) the Midwest Region; and

12 “(E) the Southern Region.

13 “(3) PRIORITY.—In selecting States for partici-
14 pation in the demonstration projects under para-
15 graph (2), the Secretary shall prioritize applications
16 based on—

17 “(A) the quantity and variety of growers of
18 local fruits and vegetables in the State;

19 “(B) the demonstrated commitment of the
20 State to farm-to-school efforts, as evidenced by
21 prior efforts to increase and promote farm-to-
22 school programs in the State; and

23 “(C) whether the State contains a suffi-
24 cient quantity of school districts of varying pop-
25 ulation sizes and geographical locations.”.

1 **TITLE V—CREDIT**
2 **Subtitle A—Farmer Loans, Serv-**
3 **icing, and Other Assistance**
4 **Under the Consolidated Farm**
5 **and Rural Development Act**

6 **SEC. 5001. FARMER LOANS, SERVICING, AND OTHER ASSIST-**
7 **ANCE UNDER THE CONSOLIDATED FARM AND**
8 **RURAL DEVELOPMENT ACT.**

9 The Consolidated Farm and Rural Development Act
10 (as amended by section 6001) is amended by inserting
11 after section 3002 the following:

12 **“Subtitle A—Farmer Loans,**
13 **Servicing, and Other Assistance**
14 **“CHAPTER 1—FARM OWNERSHIP LOANS**
15 **“SEC. 3101. FARM OWNERSHIP LOANS.**

16 “(a) IN GENERAL.—The Secretary may make or
17 guarantee a farm ownership loan under this chapter to
18 an eligible farmer.

19 “(b) ELIGIBILITY.—A farmer shall be eligible under
20 subsection (a) only—

21 “(1) if the farmer, or, in the case of an entity,
22 1 or more individuals holding a majority interest in
23 the farmer—

24 “(A) is a citizen of the United States; and

1 “(B) in the case of a direct loan, has train-
2 ing or farming experience that the Secretary
3 determines is sufficient to ensure a reasonable
4 prospect of success in the farming operation
5 proposed by the farmer;

6 “(2)(A) in the case of a farmer that is an indi-
7 vidual, if the farmer is or proposes to become an
8 owner and operator of a farm that is not larger than
9 a family farm; or

10 “(B) in the case of a lessee-operator of a farm
11 located in the State of Hawaii, if the Secretary de-
12 termines that—

13 “(i) the farm is not larger than a family
14 farm;

15 “(ii) the farm cannot be acquired in fee
16 simple by the lessee-operator;

17 “(iii) adequate security is provided for the
18 loan with respect to the farm for which the les-
19 see-operator applies under this chapter; and

20 “(iv) there is a reasonable probability of
21 accomplishing the objectives and repayment of
22 the loan;

23 “(3) in the case of a farmer that is a coopera-
24 tive, corporation, partnership, trust, limited liability
25 company, joint operation, or such other legal entity

1 as the Secretary determines to be appropriate, with
2 respect to the entity and each farm in which the en-
3 tity has an ownership or operator interest—

4 “(A) if—

5 “(i) a majority interest is held by in-
6 dividuals 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 owners or operators of a
10 farm that is not larger than a family farm;
11 and

12 “(iii) at least 1 of the individuals is or
13 proposes to become an operator of the
14 farm; or

15 “(B) if—

16 “(i) the entire interest is held by indi-
17 viduals 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 farm operators; and

21 “(iii) the ownership interest of each
22 individual separately constitutes not larger
23 than a family farm, even if the ownership
24 interests of the individuals collectively con-
25 stitute larger than a family farm;

1 “(4) in the case of an entity that is, or will be-
2 come within a reasonable period of time, as deter-
3 mined by the Secretary, only the operator of a fam-
4 ily farm, if the 1 or more individuals who are the
5 owners of the family farm own—

6 “(A) a percentage of the family farm that
7 exceeds 50 percent; or

8 “(B) such other percentage as the Sec-
9 retary determines to be appropriate;

10 “(5) in the case of an operator described in
11 paragraph (3) that is owned, in whole or in part, by
12 1 or more other entities, if each of the individuals
13 that have a direct or indirect ownership interest in
14 such other entities also have a direct ownership in-
15 terest in the entity applying as an individual; and

16 “(6) if the farmer and each individual that
17 holds a majority interest in the farmer is unable to
18 obtain credit elsewhere.

19 “(c) DIRECT LOANS.—

20 “(1) IN GENERAL.—Subject to paragraph (2),
21 the Secretary may make a direct loan under this
22 chapter only to a farmer who has participated in
23 business operations of a farm for not less than 3
24 years (or has other acceptable experience for a pe-
25 riod of time determined by the Secretary) and—

1 “(A) is a qualified beginning farmer;

2 “(B) has not received a previous direct
3 farm ownership loan made under this chapter;
4 or

5 “(C) has not received a direct farm owner-
6 ship loan under this chapter more than 10
7 years before the date on which the new loan
8 would be made.

9 “(2) YOUTH LOANS.—The operation of an en-
10 terprise by a youth under section 3201(d) shall not
11 be considered the operation of a farm for purposes
12 of paragraph (1).

13 **“SEC. 3102. PURPOSES OF LOANS.**

14 “(a) ALLOWED PURPOSES.—

15 “(1) DIRECT LOANS.—A farmer may use a di-
16 rect loan made under this chapter only—

17 “(A) to acquire or enlarge a farm;

18 “(B) to make capital improvements to a
19 farm;

20 “(C) to pay loan closing costs related to
21 acquiring, enlarging, or improving a farm;

22 “(D) to pay for activities to promote soil
23 and water conservation and protection described
24 in section 3103 on a farm; or

1 “(E) to refinance a temporary bridge loan
2 made by a commercial or cooperative lender to
3 a farmer for the acquisition of land for a farm,
4 if—

5 “(i) the Secretary approved an appli-
6 cation for a direct farm ownership loan to
7 the farmer for acquisition of the land; and

8 “(ii) funds for direct farm ownership
9 loans under section 3201(a) were not avail-
10 able at the time at which the application
11 was approved.

12 “(2) GUARANTEED LOANS.—A farmer may use
13 a loan guaranteed under this chapter only—

14 “(A) to acquire or enlarge a farm;

15 “(B) to make capital improvements to a
16 farm;

17 “(C) to pay loan closing costs related to
18 acquiring, enlarging, or improving a farm;

19 “(D) to pay for activities to promote soil
20 and water conservation and protection described
21 in section 3103 on a farm; or

22 “(E) to refinance indebtedness.

23 “(b) PREFERENCES.—In making or guaranteeing a
24 loan under this chapter for purchase of a farm, the Sec-
25 retary shall give preference to a person who—

1 “(1) has a dependent family;

2 “(2) to the extent practicable, is able to make
3 an initial down payment on the farm; or

4 “(3) is an owner of livestock or farm equipment
5 that is necessary to successfully carry out farming
6 operations.

7 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
8 retary may not make a loan to a farmer under this chapter
9 unless the farmer has, or agrees to obtain, hazard insur-
10 ance on any real property to be acquired or improved with
11 the loan.

12 **“SEC. 3103. CONSERVATION LOAN AND LOAN GUARANTEE**
13 **PROGRAM.**

14 “(a) IN GENERAL.—The Secretary may make or
15 guarantee qualified conservation loans to eligible bor-
16 rowers under this section.

17 “(b) DEFINITIONS.—In this section:

18 “(1) CONSERVATION PLAN.—The term ‘con-
19 servation plan’ means a plan, approved by the Sec-
20 retary, that, for a farming operation, identifies the
21 conservation activities that will be addressed with
22 loan funds provided under this section, including—

23 “(A) the installation of conservation struc-
24 tures to address soil, water, and related re-
25 sources;

1 “(B) the establishment of forest cover for
2 sustained yield timber management, erosion
3 control, or shelter belt purposes;

4 “(C) the installation of water conservation
5 measures;

6 “(D) the installation of waste management
7 systems;

8 “(E) the establishment or improvement of
9 permanent pasture;

10 “(F) compliance with section 1212 of the
11 Food Security Act of 1985 (16 U.S.C. 3812);
12 and

13 “(G) other purposes consistent with the
14 plan, including the adoption of any other
15 emerging or existing conservation practices,
16 techniques, or technologies approved by the Sec-
17 retary.

18 “(2) QUALIFIED CONSERVATION LOAN.—The
19 term ‘qualified conservation loan’ means a loan, the
20 proceeds of which are used to cover the costs to the
21 borrower of carrying out a qualified conservation
22 project.

23 “(3) QUALIFIED CONSERVATION PROJECT.—
24 The term ‘qualified conservation project’ means con-

1 servation measures that address provisions of a con-
2 servation plan of the eligible borrower.

3 “(c) ELIGIBILITY.—

4 “(1) IN GENERAL.—The Secretary may make
5 or guarantee loans to farmers.

6 “(2) REQUIREMENTS.—To be eligible for a loan
7 under this section, applicants shall meet the citizen-
8 ship and training and experience requirements of
9 section 3101(b).

10 “(d) PRIORITY.—In making or guaranteeing loans
11 under this section, the Secretary shall give priority to—

12 “(1) qualified beginning farmers and socially
13 disadvantaged farmers;

14 “(2) owners or tenants who use the loans to
15 convert to sustainable or organic agricultural pro-
16 duction systems; and

17 “(3) producers who use the loans to build con-
18 servation structures or establish conservation prac-
19 tices to comply with section 1212 of the Food Secu-
20 rity Act of 1985 (16 U.S.C. 3812).

21 “(e) LIMITATIONS APPLICABLE TO LOAN GUARAN-
22 TEES.—The portion of a loan that the Secretary may
23 guarantee under this section shall not exceed 75 percent
24 of the principal amount of the loan.

1 “(f) ADMINISTRATIVE PROVISIONS.—The Secretary
2 shall ensure, to the maximum extent practicable, that
3 loans made or guaranteed under this section are distrib-
4 uted across diverse geographic regions.

5 “(g) CREDIT ELIGIBILITY.—The provisions of para-
6 graphs (1) and (3) of section 3406(a) shall not apply to
7 loans made or guaranteed under this section.

8 “(h) AUTHORIZATION OF APPROPRIATIONS.—For
9 each of fiscal years 2012 through 2017, there are author-
10 ized to be appropriated to the Secretary such sums as are
11 necessary to carry out this section.

12 **“SEC. 3104. LOAN MAXIMUMS.**

13 “(a) MAXIMUM.—

14 “(1) IN GENERAL.—The Secretary shall make
15 or guarantee no loan under sections 3101, 3102,
16 3103, 3106, and 3107 that would cause the unpaid
17 indebtedness under those sections of any 1 borrower
18 to exceed the lesser of—

19 “(A) the value of the farm or other secu-
20 rity, or

21 “(B)(i) in the case of a loan made by the
22 Secretary, \$300,000; or

23 “(ii) in the case of a loan guaranteed by
24 the Secretary, \$700,000 (as modified under
25 paragraph (2)).

1 “(2) MODIFICATION.—The amount specified in
2 paragraph (1)(B)(ii) shall be—

3 “(A) increased, beginning with fiscal year
4 2000, by the inflation percentage applicable to
5 the fiscal year in which the loan is guaranteed;
6 and

7 “(B) reduced by the amount of any unpaid
8 indebtedness of the borrower on loans under
9 chapter 2 that are guaranteed by the Secretary.

10 “(b) DETERMINATION OF VALUE.—In determining
11 the value of the farm, the Secretary shall consider apprais-
12 als made by competent appraisers under rules established
13 by the Secretary.

14 “(c) INFLATION PERCENTAGE.—For purposes of this
15 section, the inflation percentage applicable to a fiscal year
16 is the percentage (if any) by which—

17 “(1) the average of the Prices Paid By Farmers
18 Index (as compiled by the National Agricultural Sta-
19 tistics Service of the Department) for the 12-month
20 period ending on August 31 of the immediately pre-
21 ceding fiscal year; exceeds

22 “(2) the average of that index (as so defined)
23 for the 12-month period ending on August 31, 1996.

1 **“SEC. 3105. REPAYMENT REQUIREMENTS FOR FARM OWN-**
2 **ERSHIP LOANS.**

3 “(a) PERIOD FOR REPAYMENT.—The period for re-
4 payment of a loan under this chapter shall not exceed 40
5 years.

6 “(b) INTEREST RATES.—

7 “(1) IN GENERAL.—Except as otherwise pro-
8 vided in this title, the interest rate on a loan under
9 this chapter shall be determined by the Secretary at
10 a rate—

11 “(A) not to exceed the sum obtained by
12 adding—

13 “(i) the current average market yield
14 on outstanding marketable obligations of
15 the United States with remaining periods
16 to maturity comparable to the average ma-
17 turity of the loan; and

18 “(ii) an amount not to exceed 1 per-
19 cent, as determined by the Secretary; and

20 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
21 cent.

22 “(2) LOW INCOME FARM OWNERSHIP LOANS.—
23 Except as provided in paragraph (3), the interest
24 rate on a loan (other than a guaranteed loan) under
25 section 3106 shall be determined by the Secretary at
26 a rate that is—

1 “(A) not greater than the sum obtained by
2 adding—

3 “(i) an amount that does not exceed
4 $\frac{1}{2}$ of the current average market yield on
5 outstanding marketable obligations of the
6 United States with maturities of 5 years;
7 and

8 “(ii) an amount not to exceed 1 per-
9 cent per year, as the Secretary determines
10 is appropriate; and

11 “(B) not less than 5 percent per year.

12 “(3) JOINT FINANCING ARRANGEMENT.—If a
13 direct farm ownership loan is made under this chap-
14 ter as part of a joint financing arrangement and the
15 amount of the direct farm ownership loan does not
16 exceed 50 percent of the total principal amount fi-
17 nanced under the arrangement, the interest rate on
18 the direct farm ownership loan shall be at least 4
19 percent annually.

20 “(4) GUARANTEED LOANS.—The interest rate
21 on a loan made under this chapter as a guaranteed
22 loan shall be such rate as may be agreed on by the
23 borrower and the lender, but not in excess of any
24 rate determined by the Secretary.

1 “(c) PAYMENT OF CHARGES.—A borrower of a loan
2 made or guaranteed under this chapter shall pay such fees
3 and other charges as the Secretary may require, and pre-
4 pay to the Secretary such taxes and insurance as the Sec-
5 retary may require, on such terms and conditions as the
6 Secretary may prescribe.

7 “(d) SECURITY.—

8 “(1) IN GENERAL.—The Secretary shall take as
9 security for an obligation entered into in connection
10 with a loan, a mortgage on a farm with respect to
11 which the loan is made or such other security as the
12 Secretary may require.

13 “(2) LIENS TO UNITED STATES.—An instru-
14 ment for security under paragraph (1) may con-
15 stitute a lien running to the United States notwith-
16 standing the fact that the note for the security may
17 be held by a lender other than the United States.

18 “(3) MULTIPLE LOANS.—A borrower may use
19 the same collateral to secure 2 or more loans made
20 or guaranteed under this chapter, except that the
21 outstanding amount of the loans may not exceed the
22 total value of the collateral.

23 “(e) MINERAL RIGHTS AS COLLATERAL.—

24 “(1) IN GENERAL.—In the case of a farm own-
25 ership loan made after December 23, 1985, unless

1 appraised values of the rights to oil, gas, or other
2 minerals are specifically included as part of the ap-
3 praised value of collateral securing the loan, the
4 rights to oil, gas, or other minerals located under
5 the property shall not be considered part of the col-
6 lateral securing the loan.

7 “(2) COMPENSATORY PAYMENTS.—Nothing in
8 this subsection prevents the inclusion of, as part of
9 the collateral securing the loan, any payment or
10 other compensation the borrower may receive for
11 damages to the surface of the collateral real estate
12 resulting from the exploration for or recovery of
13 minerals.

14 “(f) ADDITIONAL COLLATERAL.—The Secretary may
15 not—

16 “(1) require any borrower to provide additional
17 collateral to secure a farmer program loan made or
18 guaranteed under this subtitle, if the borrower is
19 current in the payment of principal and interest on
20 the loan; or

21 “(2) bring any action to foreclose, or otherwise
22 liquidate, the loan as a result of the failure of a bor-
23 rower to provide additional collateral to secure the
24 loan, if the borrower was current in the payment of

1 principal and interest on the loan at the time the ad-
2 ditional collateral was requested.

3 **“SEC. 3106. LIMITED-RESOURCE LOANS.**

4 “(a) IN GENERAL.—The Secretary may make or
5 guarantee a limited-resource loan for any of the purposes
6 specified in sections 3102(a) or 3103(a) to a farmer in
7 the United States who—

8 “(1) in the case of an entity, all members,
9 stockholders, or partners are eligible under section
10 3101(b);

11 “(2) has a low income; and

12 “(3) demonstrates a need to maximize the in-
13 come of the farmer from farming operations.

14 “(b) INSTALLMENTS.—A loan made or guaranteed
15 under this section shall be repayable in such installments
16 as the Secretary determines will provide for reduced pay-
17 ments during the initial repayment period of the loan and
18 larger payments during the remainder of the repayment
19 period of the loan.

20 “(c) INTEREST RATES.—Except as provided in sec-
21 tion 3105(b)(3) and in section 3204(b)(3), the interest
22 rate on loans (other than guaranteed loans) under this
23 section shall not be—

24 “(1) greater than the sum obtained by add-
25 ing—

1 “(A) an amount that does not exceed $\frac{1}{2}$ of
2 the current average market yield on out-
3 standing marketable obligations of the United
4 States with maturities of 5 years; and

5 “(B) an amount not exceeding 1 percent
6 per year, as the Secretary determines is appro-
7 priate; or

8 “(2) less than 5 percent per year.

9 **“SEC. 3107. DOWNPAYMENT LOAN PROGRAM.**

10 “(a) IN GENERAL.—

11 “(1) ESTABLISHMENT.—Notwithstanding any
12 other provision of this chapter, the Secretary shall
13 establish, under the farm ownership loan program
14 established under this chapter, a program under
15 which loans shall be made under this section to a
16 qualified beginning farmer or a socially disadvan-
17 taged farmer for a downpayment on a farm owner-
18 ship loan.

19 “(2) COORDINATION.—The Secretary shall be
20 the primary coordinator of credit supervision for the
21 downpayment loan program established under this
22 section, in consultation with a commercial or cooper-
23 ative lender and, if applicable, a contracting credit
24 counseling service selected under section 3420(c).

25 “(b) LOAN TERMS.—

1 “(1) PRINCIPAL.—Each loan made under this
2 section shall be in an amount that does not exceed
3 45 percent of the lesser of—

4 “(A) the purchase price of the farm to be
5 acquired;

6 “(B) the appraised value of the farm to be
7 acquired; or

8 “(C) \$667,000.

9 “(2) INTEREST RATE.—The interest rate on
10 any loan made by the Secretary under this section
11 shall be a rate equal to the greater of—

12 “(A) the difference between—

13 “(i) 4 percent; and

14 “(ii) the interest rate for farm owner-
15 ship loans under this chapter; or

16 “(B) 1.5 percent.

17 “(3) DURATION.—Each loan under this section
18 shall be made for a period of 20 years or less, at the
19 option of the borrower.

20 “(4) REPAYMENT.—Each borrower of a loan
21 under this section shall repay the loan to the Sec-
22 retary in equal annual installments.

23 “(5) NATURE OF RETAINED SECURITY INTER-
24 EST.—The Secretary shall retain an interest in each

1 farm acquired with a loan made under this section
2 that shall—

3 “(A) be secured by the farm;

4 “(B) be junior only to such interests in the
5 farm as may be conveyed at the time of acquisi-
6 tion to the person (including a lender) from
7 whom the borrower obtained a loan used to ac-
8 quire the farm; and

9 “(C) require the borrower to obtain the
10 permission of the Secretary before the borrower
11 may grant an additional security interest in the
12 farm.

13 “(c) LIMITATIONS.—

14 “(1) BORROWERS REQUIRED TO MAKE MIN-
15 IMUM DOWN PAYMENT.—The Secretary shall not
16 make a loan under this section to any borrower with
17 respect to a farm if the contribution of the borrower
18 to the down payment on the farm will be less than
19 5 percent of the purchase price of the farm.

20 “(2) PROHIBITED TYPES OF FINANCING.—The
21 Secretary shall not make a loan under this section
22 with respect to a farm if the farm is to be acquired
23 with other financing that contains any of the fol-
24 lowing conditions:

1 “(A) The financing is to be amortized over
2 a period of less than 30 years.

3 “(B) A balloon payment will be due on the
4 financing during the 20-year period beginning
5 on the date on which the loan is to be made by
6 the Secretary.

7 “(d) ADMINISTRATION.—In carrying out this section,
8 the Secretary shall, to the maximum extent practicable—

9 “(1) facilitate the transfer of farms from retir-
10 ing farmers to persons eligible for insured loans
11 under this subtitle;

12 “(2) make efforts to widely publicize the avail-
13 ability of loans under this section among—

14 “(A) potentially eligible recipients of the
15 loans;

16 “(B) retiring farmers; and

17 “(C) applicants for farm ownership loans
18 under this chapter;

19 “(3) encourage retiring farmers to assist in the
20 sale of their farms to qualified beginning farmers
21 and socially disadvantaged farmers providing seller
22 financing;

23 “(4) coordinate the loan program established by
24 this section with State programs that provide farm

1 ownership or operating loans for beginning farmers
2 or socially disadvantaged farmers; and

3 “(5) establish annual performance goals to pro-
4 mote the use of the down payment loan program and
5 other joint financing arrangements as the preferred
6 choice for direct real estate loans made by any lend-
7 er to a qualified beginning farmer or socially dis-
8 advantaged farmer.

9 **“SEC. 3108. BEGINNING FARMER AND SOCIALLY DISADVAN-**
10 **TAGED FARMER CONTRACT LAND SALES**
11 **PROGRAM.**

12 “(a) IN GENERAL.—The Secretary shall, in accord-
13 ance with this section, guarantee a loan made by a private
14 seller of a farm to a qualified beginning farmer or socially
15 disadvantaged farmer on a contract land sales basis.

16 “(b) ELIGIBILITY.—To be eligible for a loan guar-
17 antee under subsection (a)—

18 “(1) the qualified beginning farmer or socially
19 disadvantaged farmer shall—

20 “(A) on the date the contract land sale
21 that is subject of the loan is complete, own and
22 operate the farm that is the subject of the con-
23 tract land sale;

24 “(B) have a credit history that—

1 “(i) includes a record of satisfactory
2 debt repayment, as determined by the Sec-
3 retary; and

4 “(ii) is acceptable to the Secretary;
5 and

6 “(C) demonstrate to the Secretary that the
7 farmer is unable to obtain sufficient credit with-
8 out a guarantee to finance any actual need of
9 the farmer at a reasonable rate or term; and
10 “(2) the loan shall meet applicable underwriting
11 criteria, as determined by the Secretary.

12 “(c) LIMITATIONS.—The Secretary shall not provide
13 a loan guarantee under subsection (a) if—

14 “(1) the contribution of the qualified beginning
15 farmer or socially disadvantaged farmer to the down
16 payment for the farm that is the subject of the con-
17 tract land sale would be less than 5 percent of the
18 purchase price of the farm; or

19 “(2) the purchase price or the appraisal value
20 of the farm that is the subject of the contract land
21 sale is greater than \$500,000.

22 “(d) PERIOD OF GUARANTEE.—A loan guarantee
23 under this section shall be in effect for the 10-year period
24 beginning on the date on which the guarantee is provided.

25 “(e) GUARANTEE PLAN.—

1 “(1) SELECTION OF PLAN.—A private seller of
2 a farm who makes a loan guaranteed by the Sec-
3 retary under subsection (a) may select—

4 “(A) a prompt payment guarantee plan,
5 which shall cover—

6 “(i) 3 amortized annual installments;

7 or

8 “(ii) an amount equal to 3 annual in-
9 stallments (including an amount equal to
10 the total cost of any tax and insurance in-
11 curred during the period covered by the
12 annual installments); or

13 “(B) a standard guarantee plan, which
14 shall cover an amount equal to 90 percent of
15 the outstanding principal of the loan.

16 “(2) ELIGIBILITY FOR STANDARD GUARANTEE
17 PLAN.—To be eligible for a standard guarantee plan
18 referred to in paragraph (1)(B), a private seller
19 shall—

20 “(A) secure a commercial lending institu-
21 tion or similar entity, as determined by the Sec-
22 retary, to serve as an escrow agent; or

23 “(B) in cooperation with the farmer, use
24 an appropriate alternate arrangement, as deter-
25 mined by the Secretary.

1 **“CHAPTER 2—OPERATING LOANS**

2 **“SEC. 3201. OPERATING LOANS.**

3 “(a) IN GENERAL.—The Secretary may make or
4 guarantee an operating loan under this chapter to an eligi-
5 ble farmer in the United States.

6 “(b) ELIGIBILITY.—A farmer shall be eligible under
7 subsection (a) only—

8 “(1) if the farmer, or an individual holding a
9 majority interest in the farmer—

10 “(A) is a citizen of the United States; and

11 “(B) has training or farming experience
12 that the Secretary determines is sufficient to
13 ensure a reasonable prospect of success in the
14 farming operation proposed by the farmer;

15 “(2) in the case of a farmer that is an indi-
16 vidual, if the farmer is or proposes to become an op-
17 erator of a farm that is not larger than a family
18 farm;

19 “(3) in the case of a farmer that is a coopera-
20 tive, corporation, partnership, trust, limited liability
21 company, joint operation, or other such legal entity
22 as the Secretary determines to be appropriate, with
23 respect to the entity and each farm in which the en-
24 tity has an ownership or operator interest—

25 “(A) if—

1 “(i) a majority interest is held by in-
2 dividuals who are related by blood or mar-
3 riage, as defined by the Secretary;

4 “(ii) all of the individuals are or pro-
5 pose to become owners or operators of a
6 farm that is not larger than a family farm;
7 and

8 “(iii) at least 1 of the individuals is or
9 proposes to become an operator of the
10 farm; or

11 “(B) if—

12 “(i) the entire interest is held by indi-
13 viduals who are related by blood or mar-
14 riage, as defined by the Secretary;

15 “(ii) all of the individuals are or pro-
16 pose to become farm operators; and

17 “(iii) the ownership interest of each
18 individual separately constitutes not larger
19 than a family farm, even if the ownership
20 interests of the individuals collectively con-
21 stitute larger than a family farm;

22 “(4) in the case of an operator described in
23 paragraph (3) that is owned, in whole or in part by
24 1 or more other entities, if not less than 75 percent
25 of the ownership interests of each other entity is

1 owned directly or indirectly by 1 or more individuals
2 who own the family farm; and

3 “(5) if the farmer and each individual that
4 holds a majority interest in the farmer is unable to
5 obtain credit elsewhere.

6 “(c) DIRECT LOANS.—

7 “(1) IN GENERAL.—Subject to paragraph (3),
8 the Secretary may make a direct loan under this
9 chapter only to a farmer who—

10 “(A) is a qualified beginning farmer;

11 “(B) has not received a previous direct op-
12 erating loan made under this chapter; or

13 “(C) has not received a direct operating
14 loan made under this chapter for a total of 7
15 years, less 1 year for every 3 consecutive years
16 the farmer did not receive a direct operating
17 loan after the year in which the borrower ini-
18 tially received a direct operating loan under this
19 chapter, as determined by the Secretary.

20 “(2) YOUTH LOANS.—In this subsection, the
21 term ‘direct operating loan’ shall not include a loan
22 made to a youth under subsection (d).

23 “(3) TRANSITION RULE.—If, as of April 4,
24 1996, a farmer has received a direct operating loan
25 under this chapter during each of 4 or more pre-

1 vious years, the borrower shall be eligible to receive
2 a direct operating loan under this chapter during 3
3 additional years after April 4, 1996.

4 “(4) WAIVERS.—

5 “(A) FARM OPERATIONS ON TRIBAL
6 LAND.—The Secretary shall waive the limita-
7 tion under paragraph (1)(C) or (3) for a direct
8 loan made under this chapter to a farmer whose
9 farm land is subject to the jurisdiction of an In-
10 dian tribe and whose loan is secured by 1 or
11 more security instruments that are subject to
12 the jurisdiction of an Indian tribe if the Sec-
13 retary determines that commercial credit is not
14 generally available for such farm operations.

15 “(B) OTHER FARM OPERATIONS.—On a
16 case-by-case determination not subject to ad-
17 ministrative appeal, the Secretary may grant a
18 borrower a waiver, 1 time only for a period of
19 2 years, of the limitation under paragraph
20 (1)(C) or (3) for a direct operating loan if the
21 borrower demonstrates to the satisfaction of the
22 Secretary that—

23 “(i) the borrower has a viable farm
24 operation;

1 “(ii) the borrower applied for commer-
2 cial credit from at least 2 commercial lend-
3 ers;

4 “(iii) the borrower was unable to ob-
5 tain a commercial loan (including a loan
6 guaranteed by the Secretary); and

7 “(iv) the borrower successfully has
8 completed, or will complete within 1 year,
9 borrower training under section 3419
10 (from which requirement the Secretary
11 shall not grant a waiver under section
12 3419(f)).

13 “(d) YOUTH LOANS.—

14 “(1) IN GENERAL.—Notwithstanding subsection
15 (b), except for citizenship and credit requirements, a
16 loan may be made under this chapter to a youth who
17 is a rural resident to enable the youth to operate an
18 enterprise in connection with the participation in a
19 youth organization, as determined by the Secretary.

20 “(2) FULL PERSONAL LIABILITY.—A youth re-
21 ceiving a loan under this subsection who executes a
22 promissory note for the loan shall incur full personal
23 liability for the indebtedness evidenced by the note,
24 in accordance with the terms of the note, free of any
25 disability of minority.

1 “(3) COSIGNER.—The Secretary may accept the
2 personal liability of a cosigner of a promissory note
3 for a loan under this subsection, in addition to the
4 personal liability of the youth borrower.

5 “(4) YOUTH ENTERPRISES NOT FARMING.—The
6 operation of an enterprise by a youth under this
7 subsection shall not be considered the operation of
8 a farm under this subtitle.

9 “(e) PILOT LOAN PROGRAM TO SUPPORT HEALTHY
10 FOODS FOR THE HUNGRY.—

11 “(1) DEFINITION OF GLEANER.—In this sub-
12 section, the term ‘gleaner’ means an entity that—

13 “(A) collects edible, surplus food that
14 would be thrown away and distributes the food
15 to agencies or nonprofit organizations that feed
16 the hungry; or

17 “(B) harvests for free distribution to the
18 needy, or for donation to agencies or nonprofit
19 organizations for ultimate distribution to the
20 needy, an agricultural crop that has been do-
21 nated by the owner of the crop.

22 “(2) PROGRAM.—Not later than 180 days after
23 the date of enactment of this subsection, the Sec-
24 retary shall establish, within the operating loan pro-
25 gram established under this chapter, a pilot program

1 under which the Secretary makes loans available to
2 eligible entities to assist the entities in providing
3 food to the hungry.

4 “(3) ELIGIBILITY.—In addition to any other
5 person eligible under the terms and conditions of the
6 operating loan program established under this chap-
7 ter, gleaners shall be eligible to receive loans under
8 this subsection.

9 “(4) LOAN AMOUNT.—

10 “(A) IN GENERAL.—Each loan issued
11 under the program shall be in an amount of not
12 less than \$500 and not more than \$5,000.

13 “(B) REDISTRIBUTION.—If the eligible re-
14 cipients in a State do not use the full allocation
15 of loans that are available to eligible recipients
16 in the State under this subsection, the Sec-
17 retary may use any unused amounts to make
18 loans available to eligible entities in other
19 States in accordance with this subsection.

20 “(5) LOAN PROCESSING.—

21 “(A) IN GENERAL.—The Secretary shall
22 process any loan application submitted under
23 the program not later than 30 days after the
24 date on which the application was submitted.

1 “(B) EXPEDITING APPLICATIONS.—The
2 Secretary shall take any measure the Secretary
3 determines necessary to expedite any applica-
4 tion submitted under the program.

5 “(6) PAPERWORK REDUCTION.—The Secretary
6 shall take measures to reduce any paperwork re-
7 quirements for loans under the program.

8 “(7) PROGRAM INTEGRITY.—The Secretary
9 shall take such actions as are necessary to ensure
10 the integrity of the program established under this
11 subsection.

12 “(8) MAXIMUM AMOUNT.—Of funds that are
13 made available to carry out this chapter, the Sec-
14 retary shall use to carry out this subsection a total
15 amount of not more than \$500,000.

16 “(9) REPORT.—Not later than 180 days after
17 the maximum amount of funds are used to carry out
18 this subsection under paragraph (8), the Secretary
19 shall submit to the Committee on Agriculture of the
20 House of Representatives and the Committee on Ag-
21 riculture, Nutrition, and Forestry of the Senate a
22 report that describes the results of the pilot program
23 and the feasibility of expanding the program.

1 **“SEC. 3202. PURPOSES OF LOANS.**

2 “(a) DIRECT LOANS.—A direct loan may be made
3 under this chapter only—

4 “(1) to pay the costs incident to reorganizing a
5 farm for more profitable operation;

6 “(2) to purchase livestock, poultry, or farm
7 equipment;

8 “(3) to purchase feed, seed, fertilizer, insecti-
9 cide, or farm supplies, or to meet other essential
10 farm operating expenses, including cash rent;

11 “(4) to finance land or water development, use,
12 or conservation;

13 “(5) to pay loan closing costs;

14 “(6) to assist a farmer in changing the equip-
15 ment, facilities, or methods of operation of a farm
16 to comply with a standard promulgated under sec-
17 tion 6 of the Occupational Safety and Health Act of
18 1970 (29 U.S.C. 655) or a standard adopted by a
19 State under a plan approved under section 18 of
20 that Act (29 U.S.C. 667), if the Secretary deter-
21 mines that without assistance under this paragraph
22 the farmer is likely to suffer substantial economic in-
23 jury in complying with the standard;

24 “(7) to train a limited-resource borrower receiv-
25 ing a loan under section 3106 in maintaining
26 records of farming operations;

1 “(8) to train a borrower under section 3419;

2 “(9) to refinance the indebtedness of a bor-
3 rower, if the borrower—

4 “(A) has refinanced a loan under this
5 chapter not more than 4 times previously; and

6 “(B)(i) is a direct loan borrower under this
7 title at the time of the refinancing and has suf-
8 fered a qualifying loss because of a natural or
9 major disaster or emergency; or

10 “(ii) is refinancing a debt obtained from a
11 creditor other than the Secretary; or

12 “(10) to provide other farm or home needs, in-
13 cluding family subsistence.

14 “(b) GUARANTEED LOANS.—A loan may be guaran-
15 teed under this chapter only—

16 “(1) to pay the costs incident to reorganizing a
17 farm for more profitable operation;

18 “(2) to purchase livestock, poultry, or farm
19 equipment;

20 “(3) to purchase feed, seed, fertilizer, insecti-
21 cide, or farm supplies, or to meet other essential
22 farm operating expenses, including cash rent;

23 “(4) to finance land or water development, use,
24 or conservation;

25 “(5) to refinance indebtedness;

1 “(6) to pay loan closing costs;

2 “(7) to assist a farmer in changing the equip-
3 ment, facilities, or methods of operation of a farm
4 to comply with a standard promulgated under sec-
5 tion 6 of the Occupational Safety and Health Act of
6 1970 (29 U.S.C. 655) or a standard adopted by a
7 State under a plan approved under section 18 of
8 that Act (29 U.S.C. 667), if the Secretary deter-
9 mines that without assistance under this paragraph
10 the farmer is likely to suffer substantial economic in-
11 jury due to compliance with the standard;

12 “(8) to train a borrower under section 3419; or

13 “(9) to provide other farm or home needs, in-
14 cluding family subsistence.

15 “(c) HAZARD INSURANCE REQUIREMENT.—The Sec-
16 retary may not make a loan to a farmer under this chapter
17 unless the farmer has, or agrees to obtain, hazard insur-
18 ance on the property to be acquired with the loan.

19 “(d) PRIVATE RESERVE.—

20 “(1) IN GENERAL.—Notwithstanding any other
21 provision of this title, the Secretary may reserve a
22 portion of any loan made under this chapter to be
23 placed in an unsupervised bank account that may be
24 used at the discretion of the borrower for the basic

1 family needs of the borrower and the immediate
2 family of the borrower.

3 “(2) LIMIT ON SIZE OF THE RESERVE.—The
4 size of the reserve shall not exceed the lesser of—

5 “(A) 10 percent of the loan;

6 “(B) \$5,000; or

7 “(C) the amount needed to provide for the
8 basic family needs of the borrower and the im-
9 mediate family of the borrower for 3 calendar
10 months.

11 **“SEC. 3203. RESTRICTIONS ON LOANS.**

12 “(a) REQUIREMENTS.—

13 “(1) IN GENERAL.—The Secretary may not
14 make or guarantee a loan under this chapter—

15 “(A) that would cause the total principal
16 indebtedness outstanding at any 1 time for
17 loans made under this chapter to any 1 bor-
18 rower to exceed—

19 “(i)(I) in the case of a loan made by
20 the Secretary, \$300,000; or

21 “(II) in the case of a loan guaranteed
22 by the Secretary, \$700,000 (as modified
23 under paragraph (2)); or

1 “(B) for the purchasing or leasing of land
2 other than for cash rent, or for carrying on a
3 land leasing or land purchasing program.

4 “(2) MODIFICATION.—The amount specified in
5 paragraph (1)(A)(ii) shall be—

6 “(A) increased, beginning with fiscal year
7 2000, by the inflation percentage applicable to
8 the fiscal year in which the loan is guaranteed;
9 and

10 “(B) reduced by the unpaid indebtedness
11 of the borrower on loans under sections speci-
12 fied in section 3104 that are guaranteed by the
13 Secretary.

14 “(b) INFLATION PERCENTAGE.—For purposes of this
15 section, the inflation percentage applicable to a fiscal year
16 is the percentage (if any) by which—

17 “(1) the average of the Prices Paid By Farmers
18 Index (as compiled by the National Agricultural Sta-
19 tistics Service of the Department) for the 12-month
20 period ending on August 31 of the immediately pre-
21 ceding fiscal year; exceeds

22 “(2) the average of that index (as so defined)
23 for the 12-month period ending on August 31, 1996.

1 **“SEC. 3204. TERMS OF LOANS.**

2 “(a) **PERSONAL LIABILITY.**—A borrower of a loan
3 made under this chapter shall secure the loan with the
4 full personal liability of the borrower and such other secu-
5 rity as the Secretary may prescribe.

6 “(b) **INTEREST RATES.**—

7 “(1) **MAXIMUM RATE.**—

8 “(A) **IN GENERAL.**—Except as provided in
9 paragraphs (2) and (3), the interest rate on a
10 loan made under this chapter (other than a
11 guaranteed loan) shall be determined by the
12 Secretary at a rate not to exceed the sum ob-
13 tained by adding—

14 “(i) the current average market yield
15 on outstanding marketable obligations of
16 the United States with remaining periods
17 to maturity comparable to the average ma-
18 turity of the loan; and

19 “(ii) an additional charge not to ex-
20 ceed 1 percent, as determined by the Sec-
21 retary.

22 “(B) **ADJUSTMENT.**—The sum obtained
23 under subparagraph (A) shall be adjusted to
24 the nearest $\frac{1}{8}$ of 1 percent.

25 “(2) **GUARANTEED LOAN.**—The interest rate on
26 a guaranteed loan made under this chapter shall be

1 such rate as may be agreed on by the borrower and
2 the lender, but may not exceed any rate prescribed
3 by the Secretary.

4 “(3) LOW INCOME LOAN.—The interest rate on
5 a direct loan made under this chapter to a low-in-
6 come, limited-resource borrower shall be determined
7 by the Secretary at a rate that is not—

8 “(A) greater than the sum obtained by
9 adding—

10 “(i) an amount that does not exceed
11 $\frac{1}{2}$ of the current average market yield on
12 outstanding marketable obligations of the
13 United States with a maturity of 5 years;
14 and

15 “(ii) an amount not to exceed 1 per-
16 cent per year, as the Secretary determines
17 is appropriate; or

18 “(B) less than 5 percent per year.

19 “(c) PERIOD FOR REPAYMENT.—The period for re-
20 payment of a loan made under this chapter may not ex-
21 ceed 7 years.

22 “(d) LINE-OF-CREDIT LOANS.—

23 “(1) IN GENERAL.—A loan made or guaranteed
24 by the Secretary under this chapter may be in the
25 form of a line-of-credit loan.

1 “(2) TERM.—A line-of-credit loan under para-
2 graph (1) shall terminate not later than 5 years
3 after the date that the loan is made or guaranteed.

4 “(3) ELIGIBILITY.—For purposes of deter-
5 mining eligibility for an operating loan under this
6 chapter, each year during which a farmer takes an
7 advance or draws on a line-of-credit loan the farmer
8 shall be considered as having received an operating
9 loan for 1 year.

10 “(4) TERMINATION OF DELINQUENT LOANS.—
11 If a borrower does not pay an installment on a line-
12 of-credit loan on schedule, the borrower may not
13 take an advance or draw on the line-of-credit, unless
14 the Secretary determines that—

15 “(A) the failure of the borrower to pay on
16 schedule was due to unusual conditions that the
17 borrower could not control; and

18 “(B) the borrower will reduce the line-of-
19 credit balance to the scheduled level at the end
20 of—

21 “(i) the production cycle; or

22 “(ii) the marketing of the agricultural
23 products of the borrower.

24 “(5) AGRICULTURAL COMMODITIES.—A line-of-
25 credit loan may be used to finance the production or

1 marketing of an agricultural commodity that is eligi-
2 ble for a price support program of the Department.

3 **“CHAPTER 3—EMERGENCY LOANS**

4 **“SEC. 3301. EMERGENCY LOANS.**

5 “(a) IN GENERAL.—The Secretary shall make or
6 guarantee an emergency loan under this chapter to an eli-
7 gible farmer (including a commercial fisherman) only to
8 the extent and in such amounts as provided in advance
9 in appropriation Acts.

10 “(b) ELIGIBILITY.—An established farmer shall be
11 eligible under subsection (a) only—

12 “(1) if the farmer or an individual holding a
13 majority interest in the farmer—

14 “(A) is a citizen of the United States; and

15 “(B) has experience and resources that the
16 Secretary determines are sufficient to ensure a
17 reasonable prospect of success in the farming
18 operation proposed by the farmer;

19 “(2) in the case of a farmer that is an indi-
20 vidual, if the farmer is—

21 “(A) in the case of a loan for a purpose
22 under chapter 1, an owner, operator, or lessee-
23 operator described in section 3101(b)(2); and

1 “(B) in the case of a loan for a purpose
2 under chapter 2, an operator of a farm that is
3 not larger than a family farm;

4 “(3) in the case of a farmer that is a coopera-
5 tive, corporation, partnership, trust, limited liability
6 company, joint operation, or such other legal entity
7 as the Secretary determines to be appropriate, with
8 respect to the entity and each farm in which the en-
9 tity has an ownership or operator interest—

10 “(A) if—

11 “(i) a majority interest is held by in-
12 dividuals who are related by blood or mar-
13 riage, as defined by the Secretary;

14 “(ii) all of the individuals are or pro-
15 pose to become owners or operators of a
16 farm that is not larger than a family farm;
17 and

18 “(iii) at least 1 of the individuals is or
19 proposes to become an operator of the
20 farm; or

21 “(B) if—

22 “(i) the entire interest is held by indi-
23 viduals who are related by blood or mar-
24 riage, as defined by the Secretary;

1 “(ii) all of the individuals are or pro-
2 pose to become farm operators; and

3 “(iii) the ownership interest of each
4 individual separately constitutes not larger
5 than a family farm, even if the ownership
6 interests of the individuals collectively con-
7 stitute larger than a family farm;

8 “(4) if the entity is owned, in whole or in part,
9 by 1 or more other entities and each individual who
10 is an owner of the family farm involved has a direct
11 or indirect ownership interest in each of the other
12 entities;

13 “(5) if the farmer and any individual that holds
14 a majority interest in the farmer is unable to obtain
15 credit elsewhere; and

16 “(6)(A) if the Secretary finds that the oper-
17 ations of the farmer have been substantially affected
18 by—

19 “(i) a natural or major disaster or emer-
20 gency designated by the President under the
21 Robert T. Stafford Disaster Relief and Emer-
22 gency Assistance Act (42 U.S.C. 5121 et seq.);
23 or

24 “(ii) a quarantine imposed by the Sec-
25 retary under the Plant Protection Act (7 U.S.C.

1 7701 et seq.) or the Animal Health Protection
2 Act (7 U.S.C. 8301 et seq.); or

3 “(B) if the farmer conducts farming operations
4 in a county or a county contiguous to a county in
5 which the Secretary has found that farming oper-
6 ations have been substantially affected by a natural
7 or major disaster or emergency.

8 “(c) TIME FOR ACCEPTING AN APPLICATION.—The
9 Secretary shall accept an application for a loan under this
10 chapter from a farmer at any time during the 8-month
11 period beginning on the date that—

12 “(1) the Secretary determines that farming op-
13 erations of the farmer have been substantially af-
14 fected by—

15 “(A) a quarantine imposed by the Sec-
16 retary under the Plant Protection Act (7 U.S.C.
17 7701 et seq.) or the Animal Health Protection
18 Act (7 U.S.C. 8301 et seq.); or

19 “(B) a natural disaster; or

20 “(2) the President makes a major disaster or
21 emergency designation with respect to the affected
22 county of the farmer referred to in subsection
23 (b)(5)(B).

24 “(d) HAZARD INSURANCE REQUIREMENT.—The Sec-
25 retary may not make a loan to a farmer under this chapter

1 to cover a property loss unless the farmer had hazard in-
2 surance that insured the property at the time of the loss.

3 “(e) FAMILY FARM.—The Secretary shall conduct
4 the loan program under this chapter in a manner that will
5 foster and encourage the family farm system of agri-
6 culture, consistent with the reaffirmation of policy and
7 declaration of the intent of Congress contained in section
8 102(a) of the Food and Agriculture Act of 1977 (7 U.S.C.
9 2266(a)).

10 **“SEC. 3302. PURPOSES OF LOANS.**

11 “Subject to the limitations on the amounts of loans
12 provided in section 3303(a), a loan may be made or guar-
13 anteed under this chapter for—

14 “(1) any purpose authorized for a loan under
15 chapter 1 or 2; and

16 “(2) crop or livestock purposes that are—

17 “(A) necessitated by a quarantine, natural
18 disaster, major disaster, or emergency; and

19 “(B) considered desirable by the farmer.

20 **“SEC. 3303. TERMS OF LOANS.**

21 “(a) MAXIMUM AMOUNT OF LOAN.—The Secretary
22 may not make or guarantee a loan under this chapter to
23 a borrower who has suffered a loss in an amount that—

24 “(1) exceeds the actual loss caused by a dis-
25 aster; or

1 “(2) would cause the total indebtedness of the
2 borrower under this chapter to exceed \$500,000.

3 “(b) INTEREST RATES.—Any portion of a loan under
4 this chapter up to the amount of the actual loss suffered
5 by a farmer caused by a disaster shall be at a rate pre-
6 scribed by the Secretary, but not in excess of 8 percent
7 per annum.

8 “(c) INTEREST SUBSIDIES FOR GUARANTEED
9 LOANS.—In the case of a guaranteed loan under this
10 chapter, the Secretary may pay an interest subsidy to the
11 lender for any portion of the loan up to the amount of
12 the actual loss suffered by a farmer caused by a disaster.

13 “(d) TIME FOR REPAYMENT.—

14 “(1) IN GENERAL.—Subject to paragraph (2), a
15 loan under this chapter shall be repayable at such
16 times as the Secretary may determine, considering
17 the purpose of the loan and the nature and effect of
18 the disaster, but not later than the maximum repay-
19 ment period allowed for a loan for a similar purpose
20 under chapters 1 and 2.

21 “(2) EXTENDED REPAYMENT PERIOD.—The
22 Secretary may, if the loan is for a purpose described
23 in chapter 2 and the Secretary determines that the
24 need of the loan applicant justifies the longer repay-
25 ment period, make the loan repayable at the end of

1 a period of more than 7 years, but not more than
2 20 years.

3 “(e) SECURITY FOR LOAN.—

4 “(1) IN GENERAL.—A borrower of a loan made
5 under this chapter shall secure the loan with the full
6 personal liability of the borrower and such other se-
7 curity as the Secretary may prescribe.

8 “(2) ADEQUATE SECURITY.—Subject to para-
9 graph (3), the Secretary may not make or guarantee
10 a loan under this chapter unless the security for the
11 loan is adequate to ensure repayment of the loan.

12 “(3) INADEQUATE SECURITY DUE TO DIS-
13 ASTER.—If adequate security for a loan under this
14 chapter is not available because of a disaster, the
15 Secretary shall accept as security any collateral that
16 is available if the Secretary is confident that the col-
17 lateral and the repayment ability of the farmer are
18 adequate security for the loan.

19 “(4) VALUATION OF FARM ASSETS.—If a farm
20 asset (including land, livestock, or equipment) is
21 used as collateral to secure a loan applied for under
22 this chapter and the governor of the State in which
23 the farm is located requests assistance under this
24 chapter or the Robert T. Stafford Disaster Relief
25 and Emergency Assistance Act (42 U.S.C. 5121 et

1 seq.) for the portion of the State in which the asset
2 is located, the Secretary shall establish the value of
3 the asset as of the day before the occurrence of the
4 natural or major disaster or emergency.

5 “(f) REVIEW OF LOAN.—

6 “(1) IN GENERAL.—In the case of a loan made,
7 but not guaranteed, under section 3301, the Sec-
8 retary shall review the loan 3 years after the loan
9 is made, and every 2 years thereafter for the term
10 of the loan.

11 “(2) TERMINATION OF FEDERAL ASSIST-
12 ANCE.—If, based on a review under paragraph (1),
13 the Secretary determines that the borrower is able to
14 obtain a loan from a non-Federal source at reason-
15 able rates and terms, the borrower shall, on request
16 by the Secretary, apply for, and accept, a non-Fed-
17 eral loan in a sufficient amount to repay the Sec-
18 retary.

19 **“SEC. 3304. PRODUCTION LOSSES.**

20 “(a) IN GENERAL.—The Secretary shall make or
21 guarantee a loan under this chapter to an eligible farmer
22 for production losses if a single enterprise that constitutes
23 a basic part of the farming operation of the farmer has
24 sustained at least a 30 percent loss in normal per acre

1 or per animal production, or such lesser percentage as the
2 Secretary may determine, as a result of a disaster.

3 “(b) BASIS FOR PERCENTAGE.—A percentage loss
4 under subsection (a) shall be based on the average month-
5 ly price in effect for the previous crop or calendar year,
6 as appropriate.

7 “(c) AMOUNT OF LOAN.—A loan under subsection
8 (a) shall be in an amount that is equal to 80 percent, or
9 such greater percentage as the Secretary may determine,
10 of the total calculated actual production loss sustained by
11 the farmer.

12 **“CHAPTER 4—GENERAL FARMER LOAN**
13 **PROVISIONS**

14 **“SEC. 3401. AGRICULTURAL CREDIT INSURANCE FUND.**

15 “The fund established pursuant to section 11(a) of
16 the Bankhead-Jones Farm Tenant Act (60 Stat. 1075,
17 chapter 964) shall be known as the Agricultural Credit
18 Insurance Fund (referred to in this section as the ‘Fund’,
19 unless the context otherwise requires) for the discharge
20 of the obligations of the Secretary under agreements in-
21 suring loans under this subtitle and loans and mortgages
22 insured under prior authority.

23 **“SEC. 3402. GUARANTEED FARMER LOANS.**

24 “(a) IN GENERAL.—The Secretary may provide fi-
25 nancial assistance to a borrower for a purpose provided

1 in this subtitle by guaranteeing a loan made by any Fed-
2 eral or State chartered bank, savings and loan association,
3 cooperative lending agency, or other legally organized
4 lending agency.

5 “(b) INTEREST RATE.—The interest rate payable by
6 a borrower on the portion of a guaranteed loan that is
7 sold by a lender to the secondary market under this sub-
8 title may be lower than the interest rate charged on the
9 portion retained by the lender, but shall not exceed the
10 average interest rate charged by the lender on loans made
11 to farm borrowers.

12 “(c) FEES.—In the case of a loan guarantee on a
13 loan made by a commercial or cooperative lender related
14 to a loan made by the Secretary under section 3107—

15 “(1) the Secretary shall not charge a fee to any
16 person (including a lender); and

17 “(2) a lender may charge a loan origination and
18 servicing fee in an amount not to exceed 1 percent
19 of the amount of the loan.

20 “(d) MAXIMUM GUARANTEE OF 90 PERCENT.—Ex-
21 cept as provided in subsections (e) and (f), a loan guar-
22 antee under this subtitle shall be for not more than 90
23 percent of the principal and interest due on the loan.

24 “(e) REFINANCED LOANS GUARANTEED AT 95 PER-
25 CENT.—The Secretary shall guarantee 95 percent of—

1 “(1) in the case of a loan that solely refinances
2 a direct loan made under this subtitle, the principal
3 and interest due on the loan on the date of the refi-
4 nancing; or

5 “(2) in the case of a loan that is used for mul-
6 tiple purposes, the portion of the loan that refi-
7 nances the principal and interest due on a direct
8 loan made under this subtitle that is outstanding on
9 the date the loan is guaranteed.

10 “(f) BEGINNING FARMER LOANS GUARANTEED UP
11 TO 95 PERCENT.—The Secretary may guarantee not more
12 than 95 percent of—

13 “(1) a farm ownership loan for acquiring a
14 farm to a borrower who is participating in the down-
15 payment loan program under section 3107; or

16 “(2) an operating loan to a borrower who is
17 participating in the downpayment loan program
18 under section 3107 that is made during the period
19 that the borrower has a direct loan outstanding
20 under chapter 1 for acquiring a farm.

21 “(g) GUARANTEE OF LOANS MADE UNDER STATE
22 BEGINNING FARMER PROGRAMS.—The Secretary may
23 guarantee under this subtitle a loan made under a State
24 beginning farmer program, including a loan financed by
25 the net proceeds of a qualified small issue agricultural

1 bond for land or property described in section
2 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.

3 **“SEC. 3403. PROVISION OF INFORMATION TO BORROWERS.**

4 “(a) APPROVAL NOTIFICATION.—The Secretary shall
5 approve or disapprove an application for a loan or loan
6 guarantee made under this subtitle, and notify the appli-
7 cant of such action, not later than 60 days after the date
8 on which the Secretary has received a complete application
9 for the loan or loan guarantee.

10 “(b) LIST OF LENDERS.—The Secretary shall make
11 available to any farmer, on request, a list of lenders in
12 the area that participate in guaranteed farmer program
13 loan programs established under this subtitle, and other
14 lenders in the area that express a desire to participate in
15 the programs and that request inclusion on the list.

16 “(c) OTHER INFORMATION.—

17 “(1) IN GENERAL.—On the request of a bor-
18 rower, the Secretary shall make available to the bor-
19 rower—

20 “(A) a copy of each document signed by
21 the borrower;

22 “(B) a copy of each appraisal performed
23 with respect to the loan; and

1 “(C) any document that the Secretary is
2 required to provide to the borrower under any
3 law in effect on the date of the request.

4 “(2) RULE OF CONSTRUCTION.—Paragraph (1)
5 shall not supersede any duty imposed on the Sec-
6 retary by a law in effect on January 5, 1988, unless
7 the duty directly conflicts with a duty under para-
8 graph (1).

9 **“SEC. 3404. NOTICE OF LOAN SERVICE PROGRAMS.**

10 “(a) REQUIREMENT.—The Secretary shall provide
11 notice by certified mail to each borrower who is at least
12 90 days past due on the payment of principal or interest
13 on a loan made under this subtitle.

14 “(b) CONTENTS.—The notice required under sub-
15 section (a) shall—

16 “(1) include a summary of all primary loan
17 service programs, homestead retention programs,
18 debt settlement programs, and appeal procedures,
19 including the eligibility criteria, and terms and con-
20 ditions of the programs and procedures;

21 “(2) include a summary of the manner in which
22 the borrower may apply, and be considered, for all
23 such programs, except that the Secretary shall not
24 require the borrower to select among the programs

1 or waive any right to be considered for any program
2 carried out by the Secretary;

3 “(3) advise the borrower regarding all filing re-
4 quirements and any deadlines that must be met for
5 requesting loan servicing;

6 “(4) provide any relevant forms, including ap-
7 plicable response forms;

8 “(5) advise the borrower that a copy of regula-
9 tions is available on request; and

10 “(6) be designed to be readable and under-
11 standable by the borrower.

12 “(c) CONTAINED IN REGULATIONS.—All notices re-
13 quired by this section shall be contained in the regulations
14 issued to carry out this title.

15 “(d) TIMING.—The notice described in subsection (b)
16 shall be provided—

17 “(1) at the time an application is made for par-
18 ticipation in a loan service program;

19 “(2) on written request of the borrower; and

20 “(3) before the earliest of the date of—

21 “(A) initiating any liquidation;

22 “(B) requesting the conveyance of security
23 property;

24 “(C) accelerating the loan;

25 “(D) repossessing property;

1 “(E) foreclosing on property; or

2 “(F) taking any other collection action.

3 “(e) CONSIDERATION OF BORROWERS FOR LOAN
4 SERVICE PROGRAMS.—

5 “(1) IN GENERAL.—The Secretary shall con-
6 sider a farmer program loan borrower for all loan
7 service programs if, not later than 60 days after re-
8 ceipt of the notice described in subsection (b), the
9 borrower requests the consideration in writing.

10 “(2) PRIORITY.—In considering a borrower for
11 a loan service program, the Secretary shall place the
12 highest priority on the preservation of the farming
13 operations of the borrower.

14 **“SEC. 3405. PLANTING AND PRODUCTION HISTORY GUIDE-**
15 **LINES.**

16 “(a) IN GENERAL.—The Secretary shall ensure that
17 appropriate procedures, including, to the extent prac-
18 ticable, onsite inspections, or use of county or State yield
19 averages, are used in calculating future yields for an appli-
20 cant for a loan, when an accurate projection cannot be
21 made because the past production history of the farmer
22 has been affected by a natural or major disaster or emer-
23 gency.

24 “(b) CALCULATION OF YIELDS.—

1 “(1) IN GENERAL.—For the purpose of aver-
2 aging the past yields of the farm of a farmer over
3 a period of crop years to calculate the future yield
4 of the farm under this title, the Secretary shall per-
5 mit the farmer to exclude the crop year with the
6 lowest actual or county average yield for the farm
7 from the calculation, if the farmer was affected by
8 a natural or major disaster or emergency during at
9 least 2 of the crop years during the period.

10 “(2) AFFECTED BY A NATURAL OR MAJOR DIS-
11 ASTER OR EMERGENCY.—A farmer was affected by
12 a natural or major disaster or emergency under
13 paragraph (1) if the Secretary finds that the farm-
14 ing operations of the farmer have been substantially
15 affected by a natural or major disaster or emer-
16 gency, including a farmer who has a qualifying loss
17 but is not located in a designated or declared dis-
18 aster area.

19 “(3) APPLICATION OF SUBSECTION.—This sub-
20 section shall apply to any action taken by the Sec-
21 retary that involves—

22 “(A) a loan under chapter 1 or 2; and

23 “(B) the yield of a farm of a farmer, in-
24 cluding making a loan or loan guarantee, serv-
25 icing a loan, or making a credit sale.

1 **“SEC. 3406. SPECIAL CONDITIONS AND LIMITATIONS ON**
2 **LOANS.**

3 “(a) **APPLICANT REQUIREMENTS.**—In connection
4 with a loan made or guaranteed under this subtitle, the
5 Secretary shall require—

6 “(1) the applicant—

7 “(A) to certify in writing that, and the
8 Secretary shall determine whether, the appli-
9 cant is unable to obtain credit elsewhere; and

10 “(B) to furnish an appropriate written fi-
11 nancial statement;

12 “(2) except for a guaranteed loan, an agree-
13 ment by the borrower that if at any time it appears
14 to the Secretary that the borrower may be able to
15 obtain a loan from a production credit association,
16 a Federal land bank, or other responsible coopera-
17 tive or private credit source (or, in the case of a bor-
18 rower under section 3106, the borrower may be able
19 to obtain a loan under section 3101), at reasonable
20 rates and terms for loans for similar purposes and
21 periods of time, the borrower will, on request by the
22 Secretary, apply for and accept the loan in a suffi-
23 cient amount to repay the Secretary or the insured
24 lender, or both, and to pay for any stock necessary
25 to be purchased in a cooperative lending agency in
26 connection with the loan;

1 “(3) such provision for supervision of the oper-
2 ations of the borrower as the Secretary shall con-
3 sider necessary to achieve the objectives of the loan
4 and protect the interests of the United States; and

5 “(4) the application of a person who is a vet-
6 eran for a loan under chapter 1 or 2 to be given
7 preference over a similar application from a person
8 who is not a veteran if the applications are on file
9 in a county or area office at the same time.

10 “(b) AGENCY PROCESSING REQUIREMENTS.—

11 “(1) NOTIFICATIONS.—

12 “(A) INCOMPLETE APPLICATION NOTIFICA-
13 TION.—If an application for a loan or loan
14 guarantee under this subtitle (other than an op-
15 erating loan or loan guarantee) is incomplete,
16 the Secretary shall inform the applicant of the
17 reasons the application is incomplete not later
18 than 20 days after the date on which the Sec-
19 retary has received the application.

20 “(B) OPERATING LOANS.—

21 “(i) ADDITIONAL INFORMATION
22 NEEDED.—Not later than 10 calendar
23 days after the Secretary receives an appli-
24 cation for an operating loan or loan guar-
25 antee, the Secretary shall notify the appli-

1 cant of any information required before a
2 decision may be made on the application.

3 “(ii) INFORMATION NOT RECEIVED.—
4 If, not later than 20 calendar days after
5 the date a request is made pursuant to
6 clause (i) with respect to an application,
7 the Secretary has not received the informa-
8 tion requested, the Secretary shall notify
9 the applicant and the district office of the
10 Farm Service Agency, in writing, of the
11 outstanding information.

12 “(C) REQUEST INFORMATION.—

13 “(i) IN GENERAL.—On receipt of an
14 application, the Secretary shall request
15 from other parties such information as
16 may be needed in connection with the ap-
17 plication.

18 “(ii) INFORMATION FROM AN AGENCY
19 OF THE DEPARTMENT.—Not later than 15
20 calendar days after the date on which an
21 agency of the Department receives a re-
22 quest for information made pursuant to
23 subparagraph (A), the agency shall provide
24 the Secretary with the requested informa-
25 tion.

1 “(2) REPORT OF PENDING APPLICATIONS.—

2 “(A) IN GENERAL.—A county office shall
3 notify the district office of the Farm Service
4 Agency of each application for an operating
5 loan or loan guarantee that is pending more
6 than 45 days after receipt, and the reasons for
7 which the application is pending.

8 “(B) ACTION ON PENDING APPLICA-
9 TIONS.—A district office that receives a notice
10 provided under subparagraph (A) with respect
11 to an application shall immediately take steps
12 to ensure that final action is taken on the appli-
13 cation not later than 15 days after the date of
14 the receipt of the notice.

15 “(C) PENDING APPLICATION REPORT.—
16 The district office shall report to the State of-
17 fice of the Farm Service Agency on each appli-
18 cation for an operating loan or loan guarantee
19 that is pending more than 45 days after receipt,
20 and the reasons for which the application is
21 pending.

22 “(D) REPORT TO CONGRESS.—Each
23 month, the Secretary shall notify the Com-
24 mittee on Agriculture of the House of Rep-
25 resentatives and the Committee on Agriculture,

1 Nutrition, and Forestry of the Senate, on a
2 State-by-State basis, as to each application for
3 an operating loan or loan guarantee on which
4 final action had not been taken within 60 cal-
5 endar days after receipt by the Secretary, and
6 the reasons for which final action had not been
7 taken.

8 “(3) DISAPPROVALS.—

9 “(A) IN GENERAL.—If an application for a
10 loan or loan guarantee under this subtitle is
11 disapproved by the Secretary, the Secretary
12 shall state the reasons for the disapproval in
13 the notice required under paragraph (1).

14 “(B) DISAPPROVAL DUE TO LACK OF
15 FUNDS.—

16 “(i) IN GENERAL.—Notwithstanding
17 paragraph (1), each application for a loan
18 or loan guarantee under section 3601(e),
19 or for a loan under section 3501(a) or
20 3502(a), that is to be disapproved by the
21 Secretary solely because the Secretary
22 lacks the funds necessary to make the loan
23 or guarantee shall not be disapproved but
24 shall be placed in pending status.

1 “(ii) RECONSIDERATION.—The Sec-
2 retary shall retain each pending application
3 and reconsider the application beginning
4 on the date that sufficient funds become
5 available.

6 “(iii) NOTIFICATION.—Not later than
7 60 days after funds become available re-
8 garding each pending application, the Sec-
9 retary shall notify the applicant of the ap-
10 proval or disapproval of funding for the
11 application.

12 “(4) APPROVALS ON APPEAL.—If an application
13 for a loan or loan guarantee under this subtitle is
14 disapproved by the Secretary, but that action is sub-
15 sequently reversed or revised as the result of an ap-
16 peal within the Department or to the courts of the
17 United States and the application is returned to the
18 Secretary for further consideration, the Secretary
19 shall act on the application and provide the appli-
20 cant with notice of the action not later than 15 days
21 after the date of return of the application to the
22 Secretary.

23 “(5) PROVISION OF PROCEEDS.—

24 “(A) IN GENERAL.—Except as provided in
25 subparagraph (B), if an application for an in-

1 sured loan under this title is approved by the
2 Secretary, the Secretary shall provide the loan
3 proceeds to the applicant not later than 15 days
4 (or such longer period as the applicant may ap-
5 prove) after the application for the loan is ap-
6 proved by the Secretary.

7 “(B) LACK OF FUNDS.—If the Secretary is
8 unable to provide the loan proceeds to the ap-
9 plicant during the 15-day period described in
10 subparagraph (A) because sufficient funds are
11 not available to the Secretary for that purpose,
12 the Secretary shall provide the loan proceeds to
13 the applicant as soon as practicable (but in no
14 event later than 15 days unless the applicant
15 agrees to a longer period) after sufficient funds
16 for that purpose become available to the Sec-
17 retary.

18 **“SEC. 3407. GRADUATION OF BORROWERS.**

19 “(a) GRADUATION OF SEASONED DIRECT LOAN
20 BORROWERS TO THE LOAN GUARANTEE PROGRAM.—

21 “(1) REVIEW OF LOANS.—

22 “(A) IN GENERAL.—The Secretary, or a
23 contracting third party, shall annually review
24 under section 3420 the loans of each seasoned
25 direct loan borrower.

1 “(B) ASSISTANCE.—If, based on the re-
2 view, it is determined that a borrower would be
3 able to obtain a loan, guaranteed by the Sec-
4 retary, from a commercial or cooperative lender
5 at reasonable rates and terms for loans for
6 similar purposes and periods of time, the Sec-
7 retary shall assist the borrower in applying for
8 the commercial or cooperative loan.

9 “(2) PROSPECTUS.—

10 “(A) IN GENERAL.—In accordance with
11 section 3422, the Secretary shall prepare a pro-
12 spectus on each seasoned direct loan borrower
13 determined eligible to obtain a guaranteed loan.

14 “(B) REQUIREMENTS.—The prospectus
15 shall contain a description of the amounts of
16 the loan guarantee and interest assistance that
17 the Secretary will provide to the seasoned direct
18 loan borrower to enable the seasoned direct loan
19 borrower to carry out a financially viable farm-
20 ing plan if a guaranteed loan is made.

21 “(3) VERIFICATION.—

22 “(A) IN GENERAL.—The Secretary shall
23 provide a prospectus of a seasoned direct loan
24 borrower to each approved lender whose lending

1 area includes the location of the seasoned direct
2 loan borrower.

3 “(B) NOTIFICATION.—The Secretary shall
4 notify each borrower of a loan that a prospectus
5 has been provided to a lender under subpara-
6 graph (A).

7 “(C) CREDIT EXTENDED.—If the Sec-
8 retary receives an offer from an approved lend-
9 er to extend credit to the seasoned direct loan
10 borrower under terms and conditions contained
11 in the prospectus, the seasoned direct loan bor-
12 rower shall not be eligible for a loan from the
13 Secretary under chapter 1 or 2, except as other-
14 wise provided in this section.

15 “(4) INSUFFICIENT ASSISTANCE OR OFFERS.—
16 If the Secretary is unable to provide loan guarantees
17 and, if necessary, interest assistance to the seasoned
18 direct loan borrower under this section in amounts
19 sufficient to enable the seasoned direct loan bor-
20 rower to borrow from commercial sources the
21 amount required to carry out a financially viable
22 farming plan, or if the Secretary does not receive an
23 offer from an approved lender to extend credit to a
24 seasoned direct loan borrower under the terms and
25 conditions contained in the prospectus, the Secretary

1 shall make a loan to the seasoned direct loan bor-
2 rower under chapter 1 or 2, whichever is applicable.

3 “(5) INTEREST RATE REDUCTIONS.—To the ex-
4 tent necessary for the borrower to obtain a loan,
5 guaranteed by the Secretary, from a commercial or
6 cooperative lender, the Secretary shall provide inter-
7 est rate reductions as provided for under section
8 3413.

9 “(b) TRANSITION TO PRIVATE COMMERCIAL OR
10 OTHER SOURCES OF CREDIT.—

11 “(1) IN GENERAL.—In making an operating or
12 ownership loan, the Secretary shall establish a plan
13 and promulgate regulations (including performance
14 criteria) that promote the goal of transitioning bor-
15 rowers to private commercial credit and other
16 sources of credit in the shortest period of time prac-
17 ticable.

18 “(2) COORDINATION.—In carrying out this sec-
19 tion, the Secretary shall integrate and coordinate the
20 transition policy described in subsection (a) with—

21 “(A) the borrower training program estab-
22 lished by section 3419;

23 “(B) the loan assessment process estab-
24 lished by section 3420;

1 “(C) the supervised credit requirement es-
2 tablished by section 3421;

3 “(D) the market placement program estab-
4 lished by section 3422; and

5 “(E) other appropriate programs and au-
6 thorities, as determined by the Secretary.

7 “(c) GRADUATION OF BORROWERS WITH OPERATING
8 LOANS OR GUARANTEES TO PRIVATE COMMERCIAL
9 CREDIT.—The Secretary shall establish a plan, in coordi-
10 nation with activities under sections 3419 through 3422,
11 to encourage each borrower with an outstanding loan
12 under this chapter, or with respect to whom there is an
13 outstanding guarantee under this chapter, to graduate to
14 private commercial or other sources of credit.

15 **“SEC. 3408. DEBT ADJUSTMENT AND CREDIT COUNSELING.**

16 “In carrying out this subtitle, the Secretary may—

17 “(1) provide voluntary debt adjustment assist-
18 ance between—

19 “(A) farmers; and

20 “(B) the creditors of the farmers;

21 “(2) cooperate with State, territorial, and local
22 agencies and committees engaged in the debt adjust-
23 ment; and

24 “(3) give credit counseling.

1 **“SEC. 3409. SECURITY SERVICING.**

2 “(a) SALE OF PROPERTY.—

3 “(1) IN GENERAL.—Subject to this subsection
4 and subsection (e)(1), the Secretary shall offer to
5 sell real property that is acquired by the Secretary
6 under this subtitle using the following order and
7 method of sale:

8 “(A) ADVERTISEMENT.—Not later than 15
9 days after acquiring real property, the Sec-
10 retary shall publicly advertise the property for
11 sale.

12 “(B) QUALIFIED BEGINNING FARMER.—

13 “(i) IN GENERAL.—Not later than 75
14 days after acquiring real property, the Sec-
15 retary shall offer to sell the property to a
16 qualified beginning farmer or a socially
17 disadvantaged farmer at current market
18 value based on a current appraisal.

19 “(ii) RANDOM SELECTION.—If more
20 than 1 qualified beginning farmer or so-
21 cially disadvantaged farmer offers to pur-
22 chase the property, the Secretary shall se-
23 lect between the qualified applicants on a
24 random basis.

25 “(iii) APPEAL OF RANDOM SELEC-
26 TION.—A random selection or denial by

1 the Secretary of a qualified beginning
2 farmer or a socially disadvantaged farmer
3 for farm inventory property under this
4 subparagraph shall be final and not admin-
5 istratively appealable.

6 “(C) PUBLIC SALE.—If no acceptable offer
7 is received from a qualified beginning farmer or
8 a socially disadvantaged farmer under subpara-
9 graph (B) not later than 135 days after acquir-
10 ing the real property, the Secretary shall, not
11 later than 30 days after the 135-day period, sell
12 the property after public notice at a public sale,
13 and, if no acceptable bid is received, by nego-
14 tiated sale, at the best price obtainable.

15 “(2) INTEREST.—

16 “(A) IN GENERAL.—Subject to subpara-
17 graph (B), any conveyance of real property
18 under this subsection shall include all of the in-
19 terest of the United States in the property, in-
20 cluding mineral rights.

21 “(B) CONSERVATION.—The Secretary may
22 for conservation purposes grant or sell an ease-
23 ment, restriction, development right, or similar
24 legal right to real property to a State, a polit-
25 ical subdivision of a State, or a private non-

1 profit organization separately from the under-
2 lying fee or other rights to the property owned
3 by the United States.

4 “(3) OTHER LAW.—Subtitle I of title 40,
5 United States Code, and title III of the Federal
6 Property and Administrative Services Act of 1949
7 (41 U.S.C. 251 et seq.) shall not apply to any exer-
8 cise of authority under this subtitle.

9 “(4) LEASE OF PROPERTY.—

10 “(A) IN GENERAL.—Subject to subpara-
11 graph (B), the Secretary may not lease any real
12 property acquired under this subtitle.

13 “(B) EXCEPTION.—

14 “(i) QUALIFIED BEGINNING FARMER
15 OR SOCIALLY DISADVANTAGED FARMER.—
16 The Secretary may lease or contract to sell
17 to a qualified beginning farmer or a so-
18 cially disadvantaged farmer a farm ac-
19 quired by the Secretary under this subtitle
20 if the qualified beginning farmer qualifies
21 for a credit sale or direct farm ownership
22 loan under chapter 1 but credit sale au-
23 thority for loans or direct farm ownership
24 loan funds, respectively, are not available.

1 “(ii) TERM.—The term of a lease or
2 contract to sell to a qualified beginning
3 farmer or a socially disadvantaged farmer
4 under clause (i) shall be until the earlier
5 of—

6 “(I) the date that is 18 months
7 after the date of the lease or sale; or

8 “(II) the date that direct farm
9 ownership loan funds or credit sale
10 authority for loans becomes available
11 to the qualified beginning farmer or
12 socially disadvantaged farmer.

13 “(iii) INCOME-PRODUCING CAPA-
14 BILITY.—In determining the rental rate on
15 real property leased under this subpara-
16 graph, the Secretary shall consider the in-
17 come-producing capability of the property
18 during the term that the property is
19 leased.

20 “(5) EXPEDITED DETERMINATION.—

21 “(A) IN GENERAL.—On the request of an
22 applicant, not later than 30 days after denial of
23 the application, the appropriate State director
24 shall provide an expedited review and deter-
25 mination of whether the applicant is a qualified

1 beginning farmer or a socially disadvantaged
2 farmer for the purpose of acquiring farm inven-
3 tory property.

4 “(B) APPEAL.—The determination of a
5 State Director under subparagraph (A) shall be
6 final and not administratively appealable.

7 “(C) EFFECTS OF DETERMINATIONS.—

8 “(i) IN GENERAL.—The Secretary
9 shall maintain statistical data on the num-
10 ber and results of determinations made
11 under subparagraph (A) and the effect of
12 the determinations on—

13 “(I) selling farm inventory prop-
14 erty to qualified beginning farmers or
15 socially disadvantaged farmers; and

16 “(II) disposing of real property
17 in inventory.

18 “(ii) NOTIFICATION.—The Secretary
19 shall notify the Committee on Agriculture
20 of the House of Representatives and the
21 Committee on Agriculture, Nutrition, and
22 Forestry of the Senate if the Secretary de-
23 termines that the review process under
24 subparagraph (A) is adversely affecting the
25 selling of farm inventory property to quali-

1 fied beginning farmers or socially dis-
2 advantaged farmers or the disposing of
3 real property in inventory.

4 “(b) ROAD AND UTILITY EASEMENTS AND CON-
5 DEMNATIONS.—In the case of any real property adminis-
6 tered under this subtitle, the Secretary may grant or sell
7 easements or rights-of-way for roads, utilities, and other
8 appurtenances that are not inconsistent with the public
9 interest.

10 “(c) SALE OR LEASE OF FARMLAND.—

11 “(1) DISPOSITION OF REAL PROPERTY ON IN-
12 DIAN RESERVATIONS.—

13 “(A) DEFINITION OF INDIAN RESERVA-
14 TION.—In this paragraph, the term ‘Indian res-
15 ervation’ means—

16 “(i) all land located within the limits
17 of any Indian reservation under the juris-
18 diction of the United States, notwith-
19 standing the issuance of any patent, and,
20 including any right-of-way running through
21 the reservation;

22 “(ii) trust or restricted land located
23 within the boundaries of a former reserva-
24 tion of an Indian tribe in the State of
25 Oklahoma; or

1 “(iii) all Indian allotments the Indian
2 titles to which have not been extinguished
3 if the allotments are subject to the juris-
4 diction of an Indian tribe.

5 “(B) DISPOSITION.—Except as provided in
6 paragraph (3), the Secretary shall dispose of or
7 administer the property as provided in this
8 paragraph when—

9 “(i) the Secretary acquires property
10 under this subtitle that is located within an
11 Indian reservation; and

12 “(ii) the borrower-owner is the Indian
13 tribe that has jurisdiction over the reserva-
14 tion in which the real property is located
15 or the borrower-owner is a member of the
16 Indian tribe;

17 “(C) PRIORITY.—Not later than 90 days
18 after acquiring the property, the Secretary shall
19 afford an opportunity to purchase or lease the
20 real property in accordance with the order of
21 priority established under subparagraph (D) to
22 the Indian tribe having jurisdiction over the In-
23 dian reservation within which the real property
24 is located or, if no order of priority is estab-

1 lished by the Indian tribe under subparagraph
2 (D), in the following order:

3 “(i) An Indian member of the Indian
4 tribe that has jurisdiction over the reserva-
5 tion within which the real property is lo-
6 cated.

7 “(ii) An Indian corporate entity.

8 “(iii) The Indian tribe.

9 “(D) REVISION OF PRIORITY AND RE-
10 STRICTION OF ELIGIBILITY.—The governing
11 body of any Indian tribe having jurisdiction
12 over an Indian reservation may revise the order
13 of priority provided in subparagraph (C) under
14 which land located within the reservation shall
15 be offered for purchase or lease by the Sec-
16 retary under subparagraph (C) and may re-
17 strict the eligibility for the purchase or lease
18 to—

19 “(i) persons who are members of the
20 Indian tribe;

21 “(ii) Indian corporate entities that are
22 authorized by the Indian tribe to lease or
23 purchase land within the boundaries of the
24 reservation; or

25 “(iii) the Indian tribe itself.

1 “(E) TRANSFER OF PROPERTY TO SEC-
2 RETARY OF THE INTERIOR.—

3 “(i) IN GENERAL.—If real property
4 described in subparagraph (B) is not pur-
5 chased or leased under subparagraph (C)
6 and the Indian tribe having jurisdiction
7 over the reservation within which the real
8 property is located is unable to purchase or
9 lease the real property, the Secretary shall
10 transfer the real property to the Secretary
11 of the Interior who shall administer the
12 real property as if the real property were
13 held in trust by the United States for the
14 benefit of the Indian tribe.

15 “(ii) USE OF RENTAL INCOME.—From
16 the rental income derived from the lease of
17 the transferred real property, and all other
18 income generated from the transferred real
19 property, the Secretary of the Interior
20 shall pay the State, county, municipal, or
21 other local taxes to which the transferred
22 real property was subject at the time of ac-
23 quisition by the Secretary, until the earlier
24 of—

1 “(I) the expiration of the 4-year
2 period beginning on the date on which
3 the real property is so transferred; or

4 “(II) such time as the land is
5 transferred into trust pursuant to
6 subparagraph (H).

7 “(F) RESPONSIBILITIES OF SECRE-
8 TARIES.—If any real property is transferred to
9 the Secretary of the Interior under subpara-
10 graph (E)—

11 “(i) the Secretary of Agriculture shall
12 have no further responsibility under this
13 title for—

14 “(I) collection of any amounts
15 with regard to the farm program loan
16 that had been secured by the real
17 property;

18 “(II) any lien arising out of the
19 loan transaction; or

20 “(III) repayment of any amount
21 with regard to the loan transaction or
22 lien to the Treasury of the United
23 States; and

24 “(ii) the Secretary of the Interior
25 shall succeed to all right, title, and interest

1 of the Secretary of Agriculture in the real
2 estate arising from the farm program loan
3 transaction, including the obligation to
4 remit to the Treasury of the United States,
5 in repayment of the original loan, the
6 amounts provided in subparagraph (G).

7 “(G) USE OF INCOME.—After the payment
8 of any taxes that are required to be paid under
9 subparagraph (E)(ii), all remaining rental in-
10 come derived from the lease of the real property
11 transferred to the Secretary of the Interior
12 under subparagraph (E)(i), and all other in-
13 come generated from the real property trans-
14 ferred to the Secretary of the Interior under
15 that subparagraph, shall be deposited as mis-
16 cellaneous receipts in the Treasury of the
17 United States until the amount deposited is
18 equal to the lesser of—

19 “(i) the amount of the outstanding
20 lien of the United States against the real
21 property, as of the date the real property
22 was acquired by the Secretary;

23 “(ii) the fair market value of the real
24 property, as of the date of the transfer to
25 the Secretary of the Interior; or

1 “(iii) the capitalized value of the real
2 property, as of the date of the transfer to
3 the Secretary of the Interior.

4 “(H) HOLDING OF TITLE IN TRUST.—If
5 the total amount that is required to be depos-
6 ited under subparagraph (G) with respect to
7 any real property has been deposited into the
8 Treasury of the United States, title to the real
9 property shall be held in trust by the United
10 States for the benefit of the Indian tribe having
11 jurisdiction over the Indian reservation within
12 which the real property is located.

13 “(I) PAYMENT OF REMAINING LIEN OR
14 FAIR MARKET VALUE OF PROPERTY.—

15 “(i) IN GENERAL.—Notwithstanding
16 any other subparagraph of this paragraph,
17 the Indian tribe having jurisdiction over
18 the Indian reservation within which the
19 real property described in subparagraph
20 (B) is located may, at any time after the
21 real property has been transferred to the
22 Secretary of the Interior under subpara-
23 graph (E), offer to pay the remaining
24 amount on the lien or the fair market

1 value of the real property, whichever is
2 less.

3 “(ii) EFFECT OF PAYMENT.—On pay-
4 ment of the amount, title to the real prop-
5 erty shall be held by the United States in
6 trust for the tribe and the trust or re-
7 stricted land that has been acquired by the
8 Secretary under foreclosure or voluntary
9 transfer under a loan made or insured
10 under this subtitle and transferred to an
11 Indian person, entity, or tribe under this
12 paragraph shall be considered to have
13 never lost trust or restricted status.

14 “(J) APPLICABILITY.—

15 “(i) IN GENERAL.—This paragraph
16 shall apply to all land in the land inventory
17 established under this subtitle (as of No-
18 vember 28, 1990) that was (immediately
19 prior to the date) owned by an Indian bor-
20 rower-owner described in subparagraph
21 (B) and that is situated within an Indian
22 reservation, regardless of the date of fore-
23 closure or acquisition by the Secretary.

24 “(ii) OPPORTUNITY TO PURCHASE OR
25 LEASE.—The Secretary shall afford an op-

1 portunity to an Indian person, entity, or
2 tribe to purchase or lease the real property
3 as provided in subparagraph (C).

4 “(iii) TRANSFER.—If the right is not
5 exercised or no expression of intent to ex-
6 ercise the right is received within 180 days
7 after November 28, 1990, the Secretary
8 shall transfer the real property to the Sec-
9 retary of the Interior as provided in sub-
10 paragraph (E).

11 “(2) ADDITIONAL RIGHTS.—The rights pro-
12 vided in this subsection shall be in addition to any
13 right of first refusal under the law of the State in
14 which the property is located.

15 “(3) DISPOSITION OF REAL PROPERTY ON IN-
16 DIAN RESERVATIONS AFTER PROCEDURES EX-
17 HAUSTED.—

18 “(A) IN GENERAL.—The Secretary shall
19 dispose of or administer real property described
20 in paragraph (1)(B) only as provided in para-
21 graph (1), as modified by this paragraph, if—

22 “(i) the real property described in
23 paragraph (1)(B) is located within an In-
24 dian reservation;

1 “(ii) the borrower-owner is an Indian
2 tribe that has jurisdiction over the reserva-
3 tion in which the real property is located
4 or the borrower-owner is a member of an
5 Indian tribe;

6 “(iii) the borrower-owner has obtained
7 a loan made or guaranteed under this title;
8 and

9 “(iv) the borrower-owner and the Sec-
10 retary have exhausted all of the procedures
11 provided for in this title to permit a bor-
12 rower-owner to retain title to the real prop-
13 erty, so that it is necessary for the bor-
14 rower-owner to relinquish title.

15 “(B) NOTICE OF RIGHT TO CONVEY PROP-
16 ERTY.—The Secretary shall provide the bor-
17 rower-owner of real property that is described
18 in subparagraph (A) with written notice of—

19 “(i) the right of the borrower-owner to
20 voluntarily convey the real property to the
21 Secretary; and

22 “(ii) the fact that real property so
23 conveyed will be placed in the inventory of
24 the Secretary.

1 “(C) NOTICE OF RIGHTS AND PROTEC-
2 TIONS.—The Secretary shall provide the bor-
3 rower-owner of the real property with written
4 notice of the rights and protections provided
5 under this title to the borrower-owner, and the
6 Indian tribe that has jurisdiction over the res-
7 ervation in which the real property is located,
8 from foreclosure or liquidation of the real prop-
9 erty, including written notice—

10 “(i) of paragraph (1), this paragraph,
11 and subsection (e)(3);

12 “(ii) if the borrower-owner does not
13 voluntarily convey the real property to the
14 Secretary, that—

15 “(I) the Secretary may foreclose
16 on the property;

17 “(II) in the event of foreclosure,
18 the property will be offered for sale;

19 “(III) the Secretary shall offer a
20 bid for the property that is equal to
21 the fair market value of the property
22 or the outstanding principal and inter-
23 est of the loan, whichever is higher;

24 “(IV) the property may be pur-
25 chased by another party; and

1 “(V) if the property is purchased
2 by another party, the property will not
3 be placed in the inventory of the Sec-
4 retary and the borrower-owner will
5 forfeit the rights and protections pro-
6 vided under this title; and

7 “(iii) of the opportunity of the bor-
8 rower-owner to consult with the Indian
9 tribe that has jurisdiction over the reserva-
10 tion in which the real property is located
11 or counsel to determine if State or tribal
12 law provides rights and protections that
13 are more beneficial than the rights and
14 protections provided the borrower-owner
15 under this title.

16 “(D) ACCEPTANCE OF VOLUNTARY CON-
17 VEYANCE.—

18 “(i) IN GENERAL.—Except as pro-
19 vided in clause (ii), the Secretary shall ac-
20 cept the voluntary conveyance of real prop-
21 erty described in subparagraph (A).

22 “(ii) HAZARDOUS SUBSTANCES.—If a
23 hazardous substance (as defined in section
24 101(14) of the Comprehensive Environ-
25 mental Response, Compensation, and Li-

1 ability Act of 1980 (42 U.S.C. 9601(14)))
2 is located on the property and the Sec-
3 retary takes remedial action to protect
4 human health or the environment if the
5 property is taken into inventory, the Sec-
6 retary shall accept the voluntary convey-
7 ance of the property only if the Secretary
8 determines that the conveyance is in the
9 best interests of the Federal Government.

10 “(E) FORECLOSURE PROCEDURES.—

11 “(i) NOTICE TO BORROWER.—If an
12 Indian borrower-owner does not voluntarily
13 convey to the Secretary real property de-
14 scribed in subparagraph (A), not less than
15 30 days before a foreclosure sale of the
16 property, the Secretary shall provide the
17 Indian borrower-owner with the option
18 of—

19 “(I) requiring the Secretary to
20 assign the loan and security instru-
21 ments to the Secretary of the Interior,
22 if the Secretary of the Interior agrees
23 to an assignment releasing the Sec-
24 retary of Agriculture from all further
25 responsibility for collection of any

1 amounts with regard to the loan se-
2 cured by the real property; or

3 “(II) requiring the Secretary to
4 assign the loan and security instru-
5 ments to the tribe having jurisdiction
6 over the reservation in which the real
7 property is located, if the tribe agrees
8 to assume the loan under the terms
9 specified in clause (iii).

10 “(ii) NOTICE TO TRIBE.—If an Indian
11 borrower-owner does not voluntarily convey
12 to the Secretary real property described in
13 subparagraph (A), not less than 30 days
14 before a foreclosure sale of the property,
15 the Secretary shall provide written notice
16 to the Indian tribe that has jurisdiction
17 over the reservation in which the real prop-
18 erty is located of—

19 “(I) the sale;

20 “(II) the fair market value of the
21 property; and

22 “(III) the requirements of this
23 paragraph.

24 “(iii) ASSUMED LOANS.—If an Indian
25 tribe assumes a loan under clause (i)—

1 “(I) the Secretary shall not fore-
2 close the loan because of any default
3 that occurred prior to the date of the
4 assumption;

5 “(II) the loan shall be for the
6 lesser of the outstanding principal and
7 interest of the loan or the fair market
8 value of the property; and

9 “(III) the loan shall be treated as
10 though the loan was made under Pub-
11 lic Law 91–229 (25 U.S.C. 488 et
12 seq.).

13 “(F) AMOUNT OF BID BY SECRETARY.—

14 “(i) IN GENERAL.—Except as pro-
15 vided in clause (ii), at a foreclosure sale of
16 real property described in subparagraph
17 (A), the Secretary shall offer a bid for the
18 property that is equal to the higher of—

19 “(I) the fair market value of the
20 property; or

21 “(II) the outstanding principal
22 and interest on the loan.

23 “(ii) HAZARDOUS SUBSTANCES.—If a
24 hazardous substance (as defined in section
25 101(14) of the Comprehensive Environ-

1 mental Response, Compensation, and Li-
2 ability Act of 1980 (42 U.S.C. 9601(14)))
3 is located on the property and the Sec-
4 retary takes remedial action to protect
5 human health or the environment if the
6 property is taken into inventory, clause (i)
7 shall apply only if the Secretary determines
8 that bidding is in the best interests of the
9 Federal Government.

10 “(4) DETRIMENTAL EFFECT ON VALUE OF
11 AREA FARMLAND.—The Secretary shall not offer for
12 sale or sell any farmland referred to in paragraphs
13 (1) through (3) if placing the farmland on the mar-
14 ket will have a detrimental effect on the value of
15 farmland in the area.

16 “(5) INSTALLMENT SALES AND MULTIPLE OP-
17 ERATORS.—

18 “(A) IN GENERAL.—The Secretary may
19 sell farmland administered under this title
20 through an installment sale or similar device
21 that contains such terms as the Secretary con-
22 siders necessary to protect the investment of
23 the Federal Government in the land.

1 “(B) SALE OF CONTRACT.—The Secretary
2 may subsequently sell any contract entered into
3 to carry out subparagraph (A).

4 “(6) HIGHLY ERODIBLE LAND.—In the case of
5 farmland administered under this title that is highly
6 erodible land (as defined in section 1201 of the Food
7 Security Act of 1985 (16 U.S.C. 3801)), the Sec-
8 retary may require the use of specified conservation
9 practices on the land as a condition of the sale or
10 lease of the land.

11 “(7) NO EFFECT ON ACREAGE ALLOTMENTS,
12 MARKETING QUOTAS, OR ACREAGE BASES.—Not-
13 withstanding any other law, compliance by the Sec-
14 retary with this subsection shall not cause any acre-
15 age allotment, marketing quota, or acreage base as-
16 signed to the property to lapse, terminate, be re-
17 duced, or otherwise be adversely affected.

18 “(8) NO PREEMPTION OF STATE LAW.—If a
19 conflict exists between any provision of this sub-
20 section and any provision of the law of any State
21 providing a right of first refusal to the owner of
22 farmland or the operator of a farm before the sale
23 or lease of land to any other person, the provision
24 of State law shall prevail.

25 “(d) RELEASE OF NORMAL INCOME SECURITY.—

1 “(1) DEFINITION OF NORMAL INCOME SECUR-
2 RITY.—In this subsection:

3 “(A) IN GENERAL.—Except as provided in
4 subparagraph (B), the term ‘normal income se-
5 curity’ means all security not considered basic
6 security, including crops, livestock, poultry
7 products, Farm Service Agency payments and
8 Commodity Credit Corporation payments, and
9 other property covered by Farm Service Agency
10 liens that is sold in conjunction with the oper-
11 ation of a farm or other business.

12 “(B) EXCEPTIONS.—The term ‘normal in-
13 come security’ does not include any equipment
14 (including fixtures in States that have adopted
15 the Uniform Commercial Code), or foundation
16 herd or flock, that is—

17 “(i) the basis of the farming or other
18 operation; and

19 “(ii) the basic security for a farmer
20 program loan.

21 “(2) GENERAL RELEASE.—The Secretary shall
22 release from the normal income security provided for
23 a loan an amount sufficient to pay for the essential
24 household and farm operating expenses of the bor-

1 rower, until such time as the Secretary accelerates
2 the loan.

3 “(3) NOTICE OF REPORTING REQUIREMENTS
4 AND RIGHTS.—If a borrower is required to plan for
5 or to report as to how proceeds from the sale of col-
6 lateral property will be used, the Secretary shall no-
7 tify the borrower of—

8 “(A) the requirement; and

9 “(B) the right to the release of funds
10 under this subsection and the means by which
11 a request for the funds may be made.

12 “(e) EASEMENTS ON INVENTORIED PROPERTY.—

13 “(1) IN GENERAL.—Subject to paragraph (2),
14 in the disposal of real property under this section,
15 the Secretary shall establish perpetual wetland con-
16 servation easements to protect and restore wetland
17 or converted wetland that exists on inventoried prop-
18 erty.

19 “(2) LIMITATION.—The Secretary shall not es-
20 tablish a wetland conservation easement on an
21 inventoried property that—

22 “(A) was cropland on the date the prop-
23 erty entered the inventory of the Secretary; or

24 “(B) was used for farming at any time
25 during the period—

1 “(i) beginning on the date that is 5
2 years before the property entered the in-
3 ventory of the Secretary; and

4 “(ii) ending on the date on which the
5 property entered the inventory of the Sec-
6 retary.

7 “(3) NOTIFICATION.—The Secretary shall pro-
8 vide prior written notification to a borrower consid-
9 ering homestead retention that a wetland conserva-
10 tion easement may be placed on land for which the
11 borrower is negotiating a lease option.

12 “(4) APPRAISED VALUE.—The appraised value
13 of the farm shall reflect the value of the land due
14 to the placement of wetland conservation easements.

15 **“SEC. 3410. CONTRACTS ON LOAN SECURITY PROPERTIES.**

16 “(a) CONTRACTS ON LOAN SECURITY PROP-
17 ERTIES.—Subject to subsection (b), the Secretary may
18 enter into a contract related to real property for conserva-
19 tion, recreation, or wildlife purposes.

20 “(b) LIMITATIONS.—The Secretary may enter into a
21 contract under subsection (a) if—

22 “(1) the property is wetland, upland, or highly
23 erodible land;

24 “(2) the property is determined by the Sec-
25 retary to be suitable for the purpose involved; and

1 “(3)(A) the property secures a loan made under
2 a law administered and held by the Secretary; and

3 “(B) the contract would better enable a quali-
4 fied borrower to repay the loan in a timely manner,
5 as determined by the Secretary.

6 “(c) TERMS AND CONDITIONS.—The terms and con-
7 ditions specified in a contract under subsection (a) shall—

8 “(1) specify the purposes for which the real
9 property may be used;

10 “(2) identify any conservation measure to be
11 taken, and any recreational and wildlife use to be al-
12 lowed, with respect to the real property; and

13 “(3) require the owner to permit the Secretary,
14 and any person or governmental entity designated by
15 the Secretary, to have access to the real property for
16 the purpose of monitoring compliance with the con-
17 tract.

18 “(d) REDUCTION OR FORGIVENESS OF DEBT.—

19 “(1) IN GENERAL.—Subject to this section, the
20 Secretary may reduce or forgive the outstanding
21 debt of a borrower—

22 “(A) in the case of a borrower to whom the
23 Secretary has made an outstanding loan under
24 a law administered by the Secretary, by can-
25 celing that part of the aggregate amount of the

1 outstanding loan that bears the same ratio to
2 the aggregate amount as—

3 “(i) the number of acres of the real
4 property of the borrower that are subject
5 to the contract; bears to

6 “(ii) the aggregate number of acres
7 securing the loan; or

8 “(B) in any other case, by treating as pre-
9 paid that part of the principal amount of a new
10 loan to the borrower issued and held by the
11 Secretary under a law administered by the Sec-
12 retary that bears the same ratio to the principal
13 amount as—

14 “(i) the number of acres of the real
15 property of the borrower that are subject
16 to the contract; bears to

17 “(ii) the aggregate number of acres
18 securing the new loan.

19 “(2) MAXIMUM CANCELED AMOUNT.—The
20 amount canceled or treated as prepaid under para-
21 graph (1) shall not exceed—

22 “(A) in the case of a delinquent loan, the
23 greater of—

24 “(i) the value of the land on which the
25 contract is entered into; or

1 “(ii) the difference between—

2 “(I) the amount of the out-
3 standing loan secured by the land;
4 and

5 “(II) the value of the land; or

6 “(B) in the case of a nondelinquent loan,
7 33 percent of the amount of the loan secured
8 by the land.

9 “(e) CONSULTATION WITH FISH AND WILDLIFE
10 SERVICE.—If the Secretary uses the authority provided by
11 this section, the Secretary shall consult with the Director
12 of the Fish and Wildlife Service for the purposes of—

13 “(1) selecting real property in which the Sec-
14 retary may enter into a contract under this section;

15 “(2) formulating the terms and conditions of
16 the contract; and

17 “(3) enforcing the contract.

18 “(f) ENFORCEMENT.—The Secretary, and any person
19 or governmental entity designated by the Secretary, may
20 enforce a contract entered into by the Secretary under this
21 section.

22 **“SEC. 3411. DEBT RESTRUCTURING AND LOAN SERVICING.**

23 “(a) IN GENERAL.—The Secretary shall modify a de-
24 linquent farmer program loan made under this subtitle,
25 or purchased from the lender or the Federal Deposit In-

1 surance Corporation under section 3902, to the maximum
2 extent practicable—

3 “(1) to avoid a loss to the Secretary on the
4 loan, with priority consideration being placed on
5 writing-down the loan principal and interest (subject
6 to subsections (d) and (e)), and debt set-aside (sub-
7 ject to subsection (e)), to facilitate keeping the bor-
8 rower on the farm, or otherwise through the use of
9 primary loan service programs under this section;
10 and

11 “(2) to ensure that a borrower is able to con-
12 tinue farming operations.

13 “(b) ELIGIBILITY.—To be eligible to obtain assist-
14 ance under subsection (a)—

15 “(1) the delinquency shall be due to a cir-
16 cumstance beyond the control of the borrower, as de-
17 fined in regulations issued by the Secretary, except
18 that the regulations shall require that, if the value
19 of the assets calculated under subsection
20 (c)(2)(A)(ii) that may be realized through liquida-
21 tion or other methods would produce enough income
22 to make the delinquent loan current, the borrower
23 shall not be eligible for assistance under subsection
24 (a);

1 “(2) the borrower shall have acted in good faith
2 with the Secretary in connection with the loan as de-
3 fined in regulations issued by the Secretary;

4 “(3) the borrower shall present a preliminary
5 plan to the Secretary that contains reasonable as-
6 sumptions that demonstrate that the borrower will
7 be able—

8 “(A) to meet the necessary family living
9 and farm operating expenses of the borrower;
10 and

11 “(B) to service all debts of the borrower,
12 including restructured loans; and

13 “(4) the loan, if restructured, shall result in a
14 net recovery to the Federal Government, during the
15 term of the loan as restructured, that would be more
16 than or equal to the net recovery to the Federal
17 Government from an involuntary liquidation or fore-
18 closure on the property securing the loan.

19 “(c) RESTRUCTURING DETERMINATIONS.—

20 “(1) DETERMINATION OF NET RECOVERY.—In
21 determining the net recovery from the involuntary
22 liquidation of a loan under this section, the Sec-
23 retary shall calculate—

1 “(A) the recovery value of the collateral se-
2 curing the loan, in accordance with paragraph
3 (2); and

4 “(B) the value of the restructured loan, in
5 accordance with paragraph (3).

6 “(2) RECOVERY VALUE.—For the purpose of
7 paragraph (1), the recovery value of the collateral
8 securing the loan shall be based on the difference be-
9 tween—

10 “(A)(i) the amount of the current ap-
11 praised value of the interests of the borrower in
12 the property securing the loan; and

13 “(ii) the value of the interests of the bor-
14 rower in all other assets that are—

15 “(I) not essential for necessary family
16 living expenses;

17 “(II) not essential to the operation of
18 the farm; and

19 “(III) not exempt from judgment
20 creditors or in a bankruptcy action under
21 Federal or State law;

22 “(B) the estimated administrative, attor-
23 ney, and other expenses associated with the liq-
24 uidation and disposition of the loan and collat-
25 eral, including—

1 “(i) the payment of prior liens;

2 “(ii) taxes and assessments, deprecia-
3 tion, management costs, the yearly per-
4 centage decrease or increase in the value of
5 the property, and lost interest income, each
6 calculated for the average holding period
7 for the type of property involved;

8 “(iii) resale expenses, such as repairs,
9 commissions, and advertising; and

10 “(iv) other administrative and attor-
11 ney costs; and

12 “(C) the value, as determined by the Sec-
13 retary, of any property not included in subpara-
14 graph (A)(i) if the property is specified in any
15 security agreement with respect to the loan and
16 the Secretary determines that the value of the
17 property should be included for purposes of this
18 section.

19 “(3) VALUE OF THE RESTRUCTURED LOAN.—

20 “(A) IN GENERAL.—For the purpose of
21 paragraph (1), the value of the restructured
22 loan shall be based on the present value of pay-
23 ments that the borrower would make to the
24 Federal Government if the terms of the loan
25 were modified under any combination of pri-

1 mary loan service programs to ensure that the
2 borrower is able to meet the obligations and
3 continue farming operations.

4 “(B) PRESENT VALUE.—For the purpose
5 of calculating the present value referred to in
6 subparagraph (A), the Secretary shall use a dis-
7 count rate of not more than the current rate at
8 the time of the calculation of 90-day Treasury
9 bills.

10 “(C) CASH FLOW MARGIN.—For the pur-
11 pose of assessing under subparagraph (A) the
12 ability of a borrower to meet debt obligations
13 and continue farming operations, the Secretary
14 shall assume that the borrower needs up to 110
15 percent of the amount indicated for payment of
16 farm operating expenses, debt service obliga-
17 tions, and family living expenses.

18 “(4) NOTIFICATION.—Not later than 90 days
19 after receipt of a written request for restructuring
20 from the borrower, the Secretary shall—

21 “(A) make the calculations specified in
22 paragraphs (2) and (3);

23 “(B) notify the borrower in writing of the
24 results of the calculations; and

1 “(C) provide documentation for the cal-
2 culations.

3 “(5) RESTRUCTURING OF LOANS.—

4 “(A) IN GENERAL.—If the value of a re-
5 structured loan is greater than or equal to the
6 recovery value of the collateral securing the
7 loan, not later than 45 days after notifying the
8 borrower under paragraph (4), the Secretary
9 shall offer to restructure the loan obligations of
10 the borrower under this subtitle through pri-
11 mary loan service programs that would enable
12 the borrower to meet the obligations (as modi-
13 fied) under the loan and to continue the farm-
14 ing operations of the borrower.

15 “(B) RESTRUCTURING.—If the borrower
16 accepts an offer under subparagraph (A), not
17 later than 45 days after receipt of notice of ac-
18 ceptance, the Secretary shall restructure the
19 loan accordingly.

20 “(6) TERMINATION OF LOAN OBLIGATIONS.—

21 The obligations of a borrower to the Secretary under
22 a loan shall terminate if—

23 “(A) the borrower satisfies the require-
24 ments of paragraphs (1) and (2) of subsection
25 (b);

1 “(B) the value of the restructured loan is
2 less than the recovery value; and

3 “(C) not later than 90 days after receipt
4 of the notification described in paragraph
5 (4)(B), the borrower pays (or obtains third-
6 party financing to pay) the Secretary an
7 amount equal to the current market value.

8 “(7) NEGOTIATION OF APPRAISAL.—

9 “(A) IN GENERAL.—In making a deter-
10 mination concerning restructuring under this
11 subsection, the Secretary, at the request of the
12 borrower, shall enter into negotiations with the
13 borrower concerning appraisals required under
14 this subsection.

15 “(B) INDEPENDENT APPRAISAL.—

16 “(i) IN GENERAL.—If the borrower,
17 based on a separate current appraisal, ob-
18 jects to the decision of the Secretary re-
19 garding an appraisal, the borrower and the
20 Secretary shall mutually agree, to the ex-
21 tent practicable, on an independent ap-
22 praiser who shall conduct another ap-
23 praisal of the property of the borrower.

24 “(ii) VALUE OF FINAL APPRAISAL.—

25 The average of the 2 appraisals under

1 clause (i) that are closest in value shall be-
2 come the final appraisal under this para-
3 graph.

4 “(iii) COST OF APPRAISAL.—The bor-
5 rower and the Secretary shall each pay $\frac{1}{2}$
6 of the cost of any independent appraisal.

7 “(d) PRINCIPAL AND INTEREST WRITE-DOWN.—

8 “(1) IN GENERAL.—

9 “(A) PRIORITY CONSIDERATION.—In se-
10 lecting the restructuring alternatives to be used
11 in the case of a borrower who has requested re-
12 structuring under this section, the Secretary
13 shall give priority consideration to the use of a
14 principal and interest write-down if other credi-
15 tors of the borrower (other than any creditor
16 who is fully collateralized) representing a sub-
17 stantial portion of the total debt of the bor-
18 rower held by the creditors of the borrower,
19 agree to participate in the development of the
20 restructuring plan or agree to participate in a
21 State mediation program.

22 “(B) FAILURE OF CREDITORS TO
23 AGREE.—Failure of creditors to agree to par-
24 ticipate in the restructuring plan or mediation
25 program shall not preclude the use of a prin-

1 cipal and interest write-down by the Secretary
2 if the Secretary determines that restructuring
3 results in the least cost to the Secretary.

4 “(2) PARTICIPATION OF CREDITORS.—Before
5 eliminating the option to use debt write-down in the
6 case of a borrower, the Secretary shall make a rea-
7 sonable effort to contact the creditors of the bor-
8 rower, either directly or through the borrower, and
9 encourage the creditors to participate with the Sec-
10 retary in the development of a restructuring plan for
11 the borrower.

12 “(e) SHARED APPRECIATION ARRANGEMENTS.—

13 “(1) IN GENERAL.—As a condition of restruc-
14 turing a loan in accordance with this section, the
15 borrower of the loan may be required to enter into
16 a shared appreciation arrangement that requires the
17 repayment of amounts written off or set aside.

18 “(2) TERMS.—A shared appreciation agreement
19 shall—

20 “(A) have a term not to exceed 10 years;
21 and

22 “(B) provide for recapture based on the
23 difference between the appraised values of the
24 real security property at the time of restruc-
25 turing and at the time of recapture.

1 “(3) PERCENTAGE OF RECAPTURE.—The
2 amount of the appreciation to be recaptured by the
3 Secretary shall be—

4 “(A) 75 percent of the appreciation in the
5 value of the real security property if the recap-
6 ture occurs not later than 4 years after the date
7 of restructuring; and

8 “(B) 50 percent if the recapture occurs
9 during the remainder of the term of the agree-
10 ment.

11 “(4) TIME OF RECAPTURE.—Recapture shall
12 take place on the date that is the earliest of—

13 “(A) the end of the term of the agreement;

14 “(B) the conveyance of the real security
15 property;

16 “(C) the repayment of the loans; or

17 “(D) the cessation of farming operations
18 by the borrower.

19 “(5) TRANSFER OF TITLE.—Transfer of title to
20 the spouse of a borrower on the death of the bor-
21 rower shall not be treated as a conveyance for the
22 purpose of paragraph (4).

23 “(6) NOTICE OF RECAPTURE.—Not later than
24 12 months before the end of the term of a shared
25 appreciation arrangement, the Secretary shall notify

1 the borrower involved of the provisions of the ar-
2 rangement.

3 “(7) FINANCING OF RECAPTURE PAYMENT.—

4 “(A) IN GENERAL.—The Secretary may
5 amortize a recapture payment owed to the Sec-
6 retary under this subsection.

7 “(B) TERM.—The term of an amortization
8 under this paragraph may not exceed 25 years.

9 “(C) INTEREST RATE.—The interest rate
10 applicable to an amortization under this para-
11 graph may not exceed the rate applicable to a
12 loan to reacquire homestead property less 100
13 basis points.

14 “(D) REAMORTIZATION.—

15 “(i) IN GENERAL.—The Secretary
16 may modify the amortization of a recap-
17 ture payment referred to in subparagraph
18 (A) of this paragraph on which a payment
19 has become delinquent if—

20 “(I) the default is due to cir-
21 cumstances beyond the control of the
22 borrower; and

23 “(II) the borrower acted in good
24 faith (as determined by the Secretary)

1 in attempting to repay the recapture
2 amount.

3 “(ii) LIMITATIONS.—

4 “(I) TERM OF REAMORTIZA-
5 TION.—The term of a reamortization
6 under this subparagraph may not ex-
7 ceed 25 years from the date of the
8 original amortization agreement.

9 “(II) NO REDUCTION OR PRIN-
10 CIPAL OR UNPAID INTEREST DUE.—A
11 reamortization of a recapture payment
12 under this subparagraph may not pro-
13 vide for reducing the outstanding
14 principal or unpaid interest due on
15 the recapture payment.

16 “(f) INTEREST RATES.—Any loan for farm owner-
17 ship purposes, farm operating purposes, or disaster emer-
18 gency purposes, other than a guaranteed loan, that is de-
19 ferred, consolidated, rescheduled, or reamortized shall,
20 notwithstanding any other provision of this subtitle, bear
21 interest on the balance of the original loan and for the
22 term of the original loan at a rate that is the lowest of—

23 “(1) the rate of interest on the original loan;

24 “(2) the rate being charged by the Secretary
25 for loans, other than guaranteed loans, of the same

1 type at the time at which the borrower applies for
2 a deferral, consolidation, rescheduling, or re-
3 amortization; or

4 “(3) the rate being charged by the Secretary
5 for loans, other than guaranteed loans, of the same
6 type at the time of the deferral, consolidation, re-
7 scheduling, or reamortization.

8 “(g) PERIOD AND EFFECT.—

9 “(1) PERIOD.—The Secretary may consolidate
10 or reschedule outstanding loans for payment over a
11 period not to exceed 7 years (or, in the case of loans
12 for farm operating purposes, 15 years) from the
13 date of the consolidation or rescheduling.

14 “(2) EFFECT.—The amount of unpaid principal
15 and interest of the prior loans so consolidated or re-
16 scheduled shall not create a new charge against any
17 loan levels authorized by law.

18 “(h) PREREQUISITES TO FORECLOSURE OR LIQUIDA-
19 TION.—No foreclosure or other similar action shall be
20 taken to liquidate any loan determined to be ineligible for
21 restructuring by the Secretary under this section—

22 “(1) until the borrower has been given the op-
23 portunity to appeal the decision; and

24 “(2) if the borrower appeals, the appeals proc-
25 ess has been completed, and a determination has

1 been made that the loan is ineligible for restruc-
2 turing.

3 “(i) NOTICE OF INELIGIBILITY FOR RESTRUC-
4 TURING.—

5 “(1) IN GENERAL.—A notice of ineligibility for
6 restructuring shall be sent to the borrower by reg-
7 istered or certified mail not later than 15 days after
8 a determination of ineligibility.

9 “(2) CONTENTS.—The notice required under
10 paragraph (1) shall contain—

11 “(A) the determination and the reasons for
12 the determination;

13 “(B) the computations used to make the
14 determination, including the calculation of the
15 recovery value of the collateral securing the
16 loan; and

17 “(C) a statement of the right of the bor-
18 rower to appeal the decision to the appeals divi-
19 sion, and to appear before a hearing officer.

20 “(j) INDEPENDENT APPRAISALS.—

21 “(1) IN GENERAL.—An appeal may include a
22 request by the borrower for an independent ap-
23 praisal of any property securing the loan.

24 “(2) PROCESS FOR APPRAISAL.—On a request
25 under paragraph (1), the Secretary shall present the

1 borrower with a list of 3 appraisers approved by the
2 county supervisor, from which the borrower shall se-
3 lect an appraiser to conduct the appraisal.

4 “(3) COST.—The cost of an appraisal under
5 this subsection shall be paid by the borrower.

6 “(4) RESULT.—The result of an appraisal
7 under this subsection shall be considered in any final
8 determination concerning the loan.

9 “(5) COPY.—A copy of any appraisal under this
10 subsection shall be provided to the borrower.

11 “(k) PARTIAL LIQUIDATIONS.—If a partial liquida-
12 tion of a delinquent loan is performed (with the prior con-
13 sent of the Secretary) as part of loan servicing by a guar-
14 anteed lender under this title, the Secretary shall not re-
15 quire full liquidation of the loan for the lender to be eligi-
16 ble to receive payment on losses.

17 “(l) ONLY 1 WRITE-DOWN OR NET RECOVERY BUY-
18 OUT PER BORROWER FOR A LOAN MADE AFTER JANU-
19 ARY 6, 1988.—

20 “(1) IN GENERAL.—The Secretary may provide
21 for each borrower not more than 1 write-down or net
22 recovery buy-out under this section with respect to
23 all loans made to the borrower after January 6,
24 1988.

1 “(2) SPECIAL RULE.—For purposes of para-
2 graph (1), the Secretary shall treat any loan made
3 on or before January 6, 1988, with respect to which
4 a restructuring, write-down, or net recovery buy-out
5 is provided under this section after January 6, 1988,
6 as a loan made after January 6, 1988.

7 “(m) LIQUIDATION OF ASSETS.—The Secretary may
8 not use the authority provided by this section to reduce
9 or terminate any portion of the debt of the borrower that
10 the borrower could pay through the liquidation of assets
11 (or through the payment of the loan value of the assets,
12 if the loan value is greater than the liquidation value) de-
13 scribed in subsection (c)(2)(A)(ii).

14 “(n) LIFETIME LIMITATION ON DEBT FORGIVENESS
15 PER BORROWER.—The Secretary may provide each bor-
16 rower not more than \$300,000 in debt forgiveness under
17 this section.

18 **“SEC. 3412. RELIEF FOR MOBILIZED MILITARY RESERVISTS**
19 **FROM CERTAIN AGRICULTURAL LOAN OBLI-**
20 **GATIONS.**

21 “(a) DEFINITION OF MOBILIZED MILITARY RESERV-
22 IST.—In this section, the term ‘mobilized military reserv-
23 ist’ means an individual who—

24 “(1) is on active duty under section 688,
25 12301(a), 12301(g), 12302, 12304, 12306, or

1 12406, or chapter 15 of title 10, United States
2 Code, or any other provision of law during a war or
3 during a national emergency declared by the Presi-
4 dent or Congress, regardless of the location at which
5 the active duty service is performed; or

6 “(2) in the case of a member of the National
7 Guard, is on full-time National Guard duty (as de-
8 fined in section 101(d)(5) of title 10, United States
9 Code) under a call to active service authorized by
10 the President or the Secretary of Defense for a pe-
11 riod of more than 30 consecutive days under section
12 502(f) of title 32, United States Code, for purposes
13 of responding to a national emergency declared by
14 the President and supported by Federal funds.

15 “(b) FORGIVENESS OF INTEREST PAYMENTS DUE
16 WHILE BORROWER IS A MOBILIZED MILITARY RESERV-
17 IST.—Any requirement that a borrower of a direct loan
18 made under this subtitle make any interest payment on
19 the loan that would otherwise be required to be made while
20 the borrower is a mobilized military reservist is rescinded.

21 “(c) DEFERRAL OF PRINCIPAL PAYMENTS DUE
22 WHILE OR AFTER BORROWER IS A MOBILIZED MILITARY
23 RESERVIST.—The due date of any payment of principal
24 on a direct loan made to a borrower under this subtitle
25 that would otherwise be required to be made while or after

1 the borrower is a mobilized military reservist is deferred
2 for a period equal in length to the period for which the
3 borrower is a mobilized military reservist.

4 “(d) NONACCRUAL OF INTEREST.—Interest on a di-
5 rect loan made to a borrower described in this section shall
6 not accrue during the period the borrower is a mobilized
7 military reservist.

8 “(e) BORROWER NOT CONSIDERED TO BE DELIN-
9 QUENT OR RECEIVING DEBT FORGIVENESS.—Notwith-
10 standing section 3425 or any other provision of this title,
11 a borrower who receives assistance under this section shall
12 not, as a result of the assistance, be considered to be delin-
13 quent or receiving debt forgiveness for purposes of receiv-
14 ing a direct or guaranteed loan under this subtitle.

15 **“SEC. 3413. INTEREST RATE REDUCTION PROGRAM.**

16 “(a) ESTABLISHMENT OF PROGRAM.—The Secretary
17 shall establish and carry out in accordance with this sec-
18 tion an interest rate reduction program for any loan guar-
19 anteed under this subtitle.

20 “(b) ENTERING INTO CONTRACTS.—The Secretary
21 shall enter into a contract with, and make payments to,
22 an institution to reduce, during the term of the contract,
23 the interest rate paid by the borrower on the guaranteed
24 loan if—

25 “(1) the borrower—

1 “(A) is unable to obtain credit elsewhere;

2 “(B) is unable to make payments on the
3 loan in a timely manner; and

4 “(C) during the 24-month period beginning
5 on the date on which the contract is entered
6 into, has a total estimated cash income, includ-
7 ing all farm and nonfarm income, that will
8 equal or exceed the total estimated cash ex-
9 penses, including all farm and nonfarm ex-
10 penses, to be incurred by the borrower during
11 the period; and

12 “(2) during the term of the contract, the lender
13 reduces the annual rate of interest payable on the
14 loan by a minimum percentage specified in the con-
15 tract.

16 “(c) PAYMENTS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),
18 in return for a contract entered into by a lender
19 under subsection (b) for the reduction of the interest
20 rate paid on a loan, the Secretary shall make pay-
21 ments to the lender in an amount equal to not more
22 than 100 percent of the cost of reducing the annual
23 rate of interest payable on the loan.

1 “(2) LIMITATION.—Payments under paragraph
2 (1) may not exceed the cost of reducing the rate by
3 more than 400 basis points.

4 “(d) TERM.—The term of a contract entered into
5 under this section to reduce the interest rate on a guaran-
6 teed loan may not exceed the outstanding term of the loan.

7 “(e) CONDITION ON FORECLOSURE.—Notwith-
8 standing any other law, any contract of guarantee on a
9 farm loan entered into under this subtitle shall contain
10 a condition that the lender of the loan may not initiate
11 a foreclosure action on the loan until 60 days after a de-
12 termination is made with respect to the eligibility of the
13 borrower to participate in the program established under
14 this section.

15 **“SEC. 3414. HOMESTEAD PROPERTY.**

16 “(a) DEFINITIONS.—In this section:

17 “(1) ADMINISTRATOR.—The term ‘Adminis-
18 trator’ means the Administrator of the Small Busi-
19 ness Administration.

20 “(2) BORROWER-OWNER.—The term ‘borrower-
21 owner’ means—

22 “(A) a borrower-owner of a loan made or
23 guaranteed by the Secretary or the Adminis-
24 trator who meets the eligibility requirements of
25 subsection (c)(1); or

1 “(B) in a case in which an owner of home-
2 stead property pledged the property to secure
3 the loan and the owner is different than the
4 borrower, the owner.

5 “(3) FARM PROGRAM LOAN.—The term ‘farm
6 program loan’ means a loan made by the Adminis-
7 trator under the Small Business Act (15 U.S.C. 631
8 et seq.) for any of the purposes authorized for loans
9 under chapter 1 or 2.

10 “(4) HOMESTEAD PROPERTY.—The term
11 ‘homestead property’ means—

12 “(A) the principal residence and adjoining
13 property possessed and occupied by a borrower-
14 owner, including a reasonable number of farm
15 outbuildings located on the adjoining land that
16 are useful to any occupant of the homestead;
17 and

18 “(B) not more than 10 acres of adjoining
19 land that is used to maintain the family of the
20 borrower-owner.

21 “(b) RETENTION OF HOMESTEAD PROPERTY.—

22 “(1) IN GENERAL.—The Secretary or the Ad-
23 ministrator shall, on application by a borrower-
24 owner who meets the eligibility requirements of sub-
25 section (c)(1), permit the borrower-owner to retain

1 possession and occupancy of homestead property
2 under the terms set forth, and until the action de-
3 scribed in this section has been completed, if—

4 “(A) the Secretary forecloses or takes into
5 inventory property securing a loan made under
6 this subtitle;

7 “(B) the Administrator forecloses or takes
8 into inventory property securing a farm pro-
9 gram loan made under the Small Business Act
10 (15 U.S.C. 631 et seq.); or

11 “(C) the borrower-owner of a loan made by
12 the Secretary or the Administrator files a peti-
13 tion in bankruptcy that results in the convey-
14 ance of the homestead property to the Secretary
15 or the Administrator, or agrees to voluntarily
16 liquidate or convey the property in whole or in
17 part.

18 “(2) PERIOD OF OCCUPANCY.—Subject to sub-
19 section (c), the Secretary or the Administrator shall
20 not grant a period of occupancy of less than 3 nor
21 more than 5 years.

22 “(c) ELIGIBILITY.—

23 “(1) IN GENERAL.—To be eligible to occupy
24 homestead property, a borrower-owner of a loan
25 made by the Secretary or the Administrator shall—

1 “(A) apply for the occupancy not later
2 than 30 days after the property is acquired by
3 the Secretary or Administrator;

4 “(B) have received from farming oper-
5 ations gross farm income that is reasonably
6 commensurate with—

7 “(i) the size and location of the farm-
8 ing unit of the borrower-owner; and

9 “(ii) local agricultural conditions (in-
10 cluding natural and economic conditions),
11 during at least 2 calendar years of the 6-
12 year period preceding the calendar year in
13 which the application is made;

14 “(C) have received from farming oper-
15 ations at least 60 percent of the gross annual
16 income of the borrower-owner and any spouse
17 of the borrower-owner during at least 2 cal-
18 endar years of the 6-year period described in
19 subparagraph (B);

20 “(D) have continuously occupied the home-
21 stead property during the 6-year period de-
22 scribed in subparagraph (B), except that the re-
23 quirement of this subparagraph may be waived
24 if a borrower-owner, due to circumstances be-
25 yond the control of the borrower-owner, had to

1 leave the homestead property for a period of
2 time not to exceed 12 months during the 6-year
3 period;

4 “(E) during the period of occupancy of the
5 homestead property, pay a reasonable sum as
6 rent for the property to the Secretary or the
7 Administrator in an amount substantially equiv-
8 alent to rents charged for similar residential
9 properties in the area in which the homestead
10 property is located;

11 “(F) during the period of the occupancy of
12 the homestead property, maintain the property
13 in good condition; and

14 “(G) meet such other reasonable and nec-
15 essary terms and conditions as the Secretary
16 may require.

17 “(2) DEFINITION OF FARMING OPERATIONS.—
18 In subparagraphs (B) and (C) of paragraph (1), the
19 term ‘farming operations’ includes rent paid by a
20 lessee of agricultural land during a period in which
21 the borrower-owner, due to circumstances beyond
22 the control of the borrower-owner, is unable to ac-
23 tively farm the land.

24 “(3) TERMINATION OF RIGHTS.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1)(E), the failure of the borrower-owner
3 to make a timely rental payment shall con-
4 stitute cause for the termination of all rights of
5 the borrower-owner to possession and occu-
6 pancy of the homestead property under this sec-
7 tion.

8 “(B) PROCEDURE FOR TERMINATION.—In
9 effecting a termination under subparagraph
10 (A), the Secretary shall—

11 “(i) afford the borrower-owner or les-
12 see the notice and hearing procedural
13 rights described in subtitle H of the De-
14 partment of Agriculture Reorganization
15 Act of 1994 (7 U.S.C. 6991 et seq.); and

16 “(ii) comply with any applicable State
17 and local law governing eviction of a per-
18 son from residential property.

19 “(4) RIGHTS OF BORROWER-OWNER.—

20 “(A) PERIOD OF OCCUPANCY.—Subject to
21 subsection (b)(2), the period of occupancy al-
22 lowed the borrower-owner of homestead prop-
23 erty under this section shall be the period re-
24 quested in writing by the borrower-owner.

25 “(B) RIGHT TO REACQUIRE.—

1 “(i) IN GENERAL.—During the period
2 the borrower-owner occupies the homestead
3 property, the borrower-owner shall have a
4 right to reacquire the homestead property
5 on such terms and conditions as the Sec-
6 retary shall determine.

7 “(ii) SOCIALLY DISADVANTAGED BOR-
8 ROWER-OWNER.—During the period of oc-
9 cupancy of a borrower-owner who is a so-
10 cially disadvantaged farmer, the borrower-
11 owner or a member of the immediate fam-
12 ily of the borrower-owner shall have a right
13 of first refusal to reacquire the homestead
14 property on such terms and conditions as
15 the Secretary shall determine.

16 “(iii) INDEPENDENT APPRAISAL.—
17 The Secretary may not demand a payment
18 for the homestead property that is in ex-
19 cess of the current market value of the
20 homestead property as established by an
21 independent appraisal.

22 “(iv) CONDUCT OF APPRAISAL.—An
23 independent appraisal under clause (iii)
24 shall be conducted by an appraiser selected
25 by the borrower-owner, or, in the case of a

1 borrower-owner who is a socially disadvan-
2 taged farmer, the immediate family mem-
3 ber of the borrower-owner, from a list of 3
4 appraisers approved by the county super-
5 visor.

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
11 under this paragraph but not used within a
12 State shall, to the extent necessary to satisfy
13 pending applications under this title, be avail-
14 able for use by socially disadvantaged farmers
15 in other States, as determined by the Secretary,
16 and any remaining funds shall be reallocated
17 within the State.

18 “(d) REPORT.—The Secretary shall prepare and sub-
19 mit to the Committee on Agriculture of the House of Rep-
20 resentatives and the Committee on Agriculture, Nutrition,
21 and Forestry of the Senate a report that describes the an-
22 nual target participation rates and the success in meeting
23 the rates.

24 “(e) IMPLEMENTATION CONSISTENT WITH SUPREME
25 COURT HOLDING.—Not later than 180 days after April

1 4, 1996, the Secretary shall ensure that the implementa-
2 tion of this section is consistent with the holding of the
3 Supreme Court in *Adarand Constructors, Inc. v. Federico*
4 *Pena*, Secretary of Transportation, 115 S. Ct. 2097
5 (1995).

6 **“SEC. 3417. COMPROMISE OR ADJUSTMENT OF DEBTS OR**
7 **CLAIMS BY GUARANTEED LENDER.**

8 “(a) LOSS BY LENDER.—If the lender of a guaran-
9 teed farmer program loan takes any action described in
10 section 3903(a)(4) with respect to the loan and the Sec-
11 retary approves the action, for purposes of the guarantee,
12 the lender shall be treated as having sustained a loss equal
13 to the amount by which—

14 “(1) the outstanding balance of the loan imme-
15 diately before the action; exceeds

16 “(2) the outstanding balance of the loan imme-
17 diately after the action.

18 “(b) NET PRESENT VALUE OF LOAN.—The Sec-
19 retary shall approve the taking of an action described in
20 section 3903(a)(4) by the lender of a guaranteed farmer
21 program loan with respect to the loan if the action reduces
22 the net present value of the loan to an amount equal to
23 not less than the greater of—

24 “(1) the greatest net present value of a loan the
25 borrower could reasonably be expected to repay; and

1 “(2) the difference between—

2 “(A) the greatest amount that the lender
3 of the loan could reasonably expect to recover
4 from the borrower through bankruptcy, or liq-
5 uidation of the property securing the loan; and

6 “(B) all reasonable and necessary costs
7 and expenses that the lender of the loan could
8 reasonably expect to incur to preserve or dis-
9 pose of the property (including all associated
10 legal and property management costs) in the
11 course of such a bankruptcy or liquidation.

12 “(c) NO LIMITATION ON AUTHORITY.—This section
13 shall not limit the authority of the Secretary to enter into
14 a shared appreciation arrangement with a borrower under
15 section 3411(e).

16 **“SEC. 3418. WAIVER OF MEDIATION RIGHTS BY BOR-**
17 **ROWERS.**

18 “The Secretary may not make or guarantee any
19 farmer program loan to a farm borrower on the condition
20 that the borrower waive any right under the mediation
21 program of any State.

22 **“SEC. 3419. BORROWER TRAINING.**

23 “(a) IN GENERAL.—The Secretary shall contract to
24 provide educational training to all borrowers of direct

1 loans made under this subtitle in financial and farm man-
2 agement concepts associated with commercial farming.

3 “(b) CONTRACT.—

4 “(1) IN GENERAL.—The Secretary may con-
5 tract with a State or private provider of farm man-
6 agement and credit counseling services (including a
7 community college, the extension service of a State,
8 a State department of agriculture, or a nonprofit or-
9 ganization) to carry out this section.

10 “(2) CONSULTATION.—The Secretary may con-
11 sult with the chief executive officer of a State con-
12 cerning the identity of the contracting organization
13 and the process for contracting.

14 “(c) ELIGIBILITY FOR LOANS.—

15 “(1) IN GENERAL.—Subject to paragraph (2),
16 to be eligible to obtain a direct or guaranteed loan
17 under this subtitle, a borrower shall be required to
18 obtain management assistance under this section,
19 appropriate to the management ability of the bor-
20 rower during the determination of eligibility for the
21 loan.

22 “(2) LOAN CONDITIONS.—The need of a bor-
23 rower who satisfies the criteria set out in section
24 3101(b)(1)(B) or 3201(b)(1)(B) for management as-
25 sistance under this section shall not be cause for de-

1 nial of eligibility of the borrower for a direct or
2 guaranteed loan under this subtitle.

3 “(d) GUIDELINES AND CURRICULUM.—The Sec-
4 retary shall issue regulations establishing guidelines and
5 curriculum for the borrower training program established
6 under this section.

7 “(e) PAYMENT.—A borrower—

8 “(1) shall pay for training received under this
9 section; and

10 “(2) may use funds from operating loans made
11 under chapter 2 to pay for the training.

12 “(f) WAIVERS.—

13 “(1) IN GENERAL.—The Secretary may waive
14 the requirements of this section for an individual
15 borrower on a determination that the borrower dem-
16 onstrates adequate knowledge in areas described in
17 this section.

18 “(2) CRITERIA.—The Secretary shall establish
19 criteria providing for the application of paragraph
20 (1) consistently in all counties nationwide.

21 **“SEC. 3420. LOAN ASSESSMENTS.**

22 “(a) IN GENERAL.—After an applicant is determined
23 to be eligible for assistance under this subtitle, the Sec-
24 retary shall evaluate, in accordance with regulations issued

1 by the Secretary, the farming plan and financial situation
2 of each qualified farmer applicant.

3 “(b) DETERMINATIONS.—In evaluating the farming
4 plan and financial situation of an applicant under this sec-
5 tion, the Secretary shall determine—

6 “(1) the amount that the applicant needs to
7 borrow to carry out the proposed farming plan;

8 “(2) the rate of interest that the applicant
9 would need to be able to cover expenses and build
10 an adequate equity base;

11 “(3) the goals of the proposed farming plan of
12 the applicant;

13 “(4) the financial viability of the plan and any
14 changes that are necessary to make the plan viable;
15 and

16 “(5) whether assistance is necessary under this
17 title and, if so, the amount of the assistance.

18 “(c) CONTRACT.—The Secretary may contract with
19 a third party (including an entity that is eligible to provide
20 borrower training under section 3419(b)) to conduct a
21 loan assessment under this section.

22 “(d) REVIEW OF LOANS.—

23 “(1) IN GENERAL.—Loan assessments con-
24 ducted under this section shall include biannual re-
25 view of direct loans, and periodic review (as deter-

1 mined necessary by the Secretary) of guaranteed
2 loans, made under this title to assess the progress
3 of a borrower in meeting the goals for the farm op-
4 eration.

5 “(2) CONTRACTS.—The Secretary may contract
6 with an entity that is eligible to provide borrower
7 training under section 3419(b) to conduct a loan re-
8 view under paragraph (1).

9 “(3) PROBLEM ASSESSMENTS.—If a borrower is
10 delinquent in payments on a direct or guaranteed
11 loan made under this title, the Secretary or the con-
12 tracting entity shall determine the cause of, and ac-
13 tion necessary to correct, the delinquency.

14 “(e) GUIDELINES.—The Secretary shall issue regula-
15 tions providing guidelines for loan assessments conducted
16 under this section.

17 **“SEC. 3421. SUPERVISED CREDIT.**

18 “The Secretary shall provide adequate training to
19 employees of the Farm Service Agency on credit analysis
20 and financial and farm management—

21 “(1) to better acquaint the employees with what
22 constitutes adequate financial data on which to base
23 a direct or guaranteed loan approval decision; and

24 “(2) to ensure proper supervision of farmer
25 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 subtitle; 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 subtitle; 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 operating expenses
2 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 sub-
22 title; and

23 “(ii) after April 4, 1996, has not re-
24 ceived debt forgiveness on a loan made or
25 guaranteed under this subtitle.

1 “(c) NO MORE THAN 1 DEBT FORGIVENESS FOR A
2 BORROWER ON A DIRECT LOAN.—The Secretary may not
3 provide to a borrower debt forgiveness on a direct loan
4 made under this subtitle if the borrower has received debt
5 forgiveness on another direct loan made under this sub-
6 title.

7 **“SEC. 3426. SHORT FORM CERTIFICATION OF FARM PRO-**
8 **GRAM BORROWER COMPLIANCE.**

9 “The Secretary shall develop and use a consolidated
10 short form for farmer program loan borrowers to use in
11 certifying compliance with any applicable provision of law
12 (including a regulation) that serves as an eligibility pre-
13 requisite for a loan made under this subtitle.

14 **“SEC. 3427. UNDERWRITING FORMS AND STANDARDS.**

15 “In the administration of this subtitle, the Secretary
16 shall, to the extent practicable, use underwriting forms,
17 standards, practices, and terminology similar to the forms,
18 standards, practices, and terminology used by lenders in
19 the private sector.

20 **“SEC. 3428. BEGINNING FARMER INDIVIDUAL DEVELOP-**
21 **MENT ACCOUNTS PILOT PROGRAM.**

22 “(a) DEFINITIONS.—In this section:

23 “(1) DEMONSTRATION PROGRAM.—The term
24 ‘demonstration program’ means a demonstration

1 program carried out by a qualified entity under the
2 pilot program established in subsection (b)(1).

3 “(2) ELIGIBLE PARTICIPANT.—The term ‘eligi-
4 ble participant’ means a qualified beginning farmer
5 that—

6 “(A) lacks significant financial resources
7 or assets; and

8 “(B) has an income that is less than—

9 “(i) 80 percent of the median income
10 of the State in which the farmer resides; or

11 “(ii) 200 percent of the most recent
12 annual Federal Poverty Income Guidelines
13 published by the Department of Health
14 and Human Services for the State.

15 “(3) INDIVIDUAL DEVELOPMENT ACCOUNT.—
16 The term ‘individual development account’ means a
17 savings account described in subsection (b)(4)(A).

18 “(4) QUALIFIED ENTITY.—

19 “(A) IN GENERAL.—The term ‘qualified
20 entity’ means—

21 “(i) 1 or more organizations—

22 “(I) described in section
23 501(c)(3) of the Internal Revenue
24 Code of 1986; and

1 “(II) exempt from taxation under
2 section 501(a) of such Code; or

3 “(ii) a State, local, or tribal govern-
4 ment submitting an application jointly with
5 an organization described in clause (i).

6 “(B) NO PROHIBITION ON COLLABORA-
7 TION.—An organization described in subpara-
8 graph (A)(i) may collaborate with a financial
9 institution or for-profit community development
10 corporation to carry out the purposes of this
11 section.

12 “(b) PILOT PROGRAM.—

13 “(1) IN GENERAL.—The Secretary shall estab-
14 lish a pilot program to be known as the ‘New Farm-
15 er Individual Development Accounts Pilot Program’
16 under which the Secretary shall work through quali-
17 fied entities to establish demonstration programs—

18 “(A) of at least 5 years in duration; and

19 “(B) in at least 15 States.

20 “(2) COORDINATION.—The Secretary shall op-
21 erate the pilot program through and in coordination
22 with the farmer program loans of the Farm Service
23 Agency.

24 “(3) RESERVE FUNDS.—

1 “(A) IN GENERAL.—A qualified entity car-
2 rying out a demonstration program under this
3 section shall establish a reserve fund consisting
4 of a non-Federal match of 50 percent of the
5 total amount of the grant awarded to the dem-
6 onstration program under this section.

7 “(B) FEDERAL FUNDS.—After the quali-
8 fied entity has deposited the non-Federal
9 matching funds described in subparagraph (A)
10 in the reserve fund, the Secretary shall provide
11 the total amount of the grant awarded under
12 this section to the demonstration program for
13 deposit in the reserve fund.

14 “(C) USE OF FUNDS.—Of the funds depos-
15 ited under subparagraph (B) in the reserve
16 fund established for a demonstration program,
17 the qualified entity carrying out the demonstra-
18 tion program—

19 “(i) may use up to 10 percent for ad-
20 ministrative expenses; and

21 “(ii) shall use the remainder in mak-
22 ing matching awards described in para-
23 graph (4)(B)(ii)(I).

24 “(D) INTEREST.—Any interest earned on
25 amounts in a reserve fund established under

1 subparagraph (A) may be used by the qualified
2 entity as additional matching funds for, or to
3 administer, the demonstration program.

4 “(E) GUIDANCE.—The Secretary shall
5 issue guidance regarding the investment re-
6 quirements of reserve funds established under
7 this paragraph.

8 “(F) REVERSION.—On the date on which
9 all funds remaining in any individual develop-
10 ment account established by a qualified entity
11 have reverted under paragraph (5)(B)(ii) to the
12 reserve fund established by the qualified entity,
13 there shall revert to the Treasury of the United
14 States a percentage of the amount (if any) in
15 the reserve fund equal to—

16 “(i) the amount of Federal funds de-
17 posited in the reserve fund under subpara-
18 graph (B) that were not used for adminis-
19 trative expenses; divided by

20 “(ii) the total amount of funds depos-
21 ited in the reserve fund.

22 “(4) INDIVIDUAL DEVELOPMENT ACCOUNTS.—

23 “(A) IN GENERAL.—A qualified entity re-
24 ceiving a grant under this section shall establish

1 and administer individual development accounts
2 for eligible participants.

3 “(B) CONTRACT REQUIREMENTS.—To be
4 eligible to receive funds under this section from
5 a qualified entity, an eligible participant shall
6 enter into a contract with only 1 qualified enti-
7 ty under which—

8 “(i) the eligible participant agrees—

9 “(I) to deposit a certain amount
10 of funds of the eligible participant in
11 a personal savings account, as pre-
12 scribed by the contractual agreement
13 between the eligible participant and
14 the qualified entity;

15 “(II) to use the funds described
16 in subclause (I) only for 1 or more eli-
17 gible expenditures described in para-
18 graph (5)(A); and

19 “(III) to complete financial train-
20 ing; and

21 “(ii) the qualified entity agrees—

22 “(I) to deposit, not later than 1
23 month after an amount is deposited
24 pursuant to clause (i)(I), at least a
25 100-percent, and up to a 200-percent,

1 match of that amount into the indi-
2 vidual development account estab-
3 lished for the eligible participant; and

4 “(II) with uses of funds proposed
5 by the eligible participant.

6 “(C) LIMITATION.—

7 “(i) IN GENERAL.—A qualified entity
8 administering a demonstration program
9 under this section may provide not more
10 than \$6,000 for each fiscal year in match-
11 ing funds to the individual development ac-
12 count established by the qualified entity
13 for an eligible participant.

14 “(ii) TREATMENT OF AMOUNT.—An
15 amount provided under clause (i) shall not
16 be considered to be a gift or loan for mort-
17 gage purposes.

18 “(5) ELIGIBLE EXPENDITURES.—

19 “(A) IN GENERAL.—An eligible expendi-
20 ture described in this subparagraph is an ex-
21 penditure—

22 “(i) to purchase farmland or make a
23 down payment on an accepted purchase
24 offer for farmland;

1 “(ii) to make mortgage payments on
2 farmland purchased pursuant to clause (i),
3 for up to 180 days after the date of the
4 purchase;

5 “(iii) to purchase breeding stock, fruit
6 or nut trees, or trees to harvest for timber;
7 and

8 “(iv) for other similar expenditures,
9 as determined by the Secretary.

10 “(B) TIMING.—

11 “(i) IN GENERAL.—An eligible partici-
12 pant may make an eligible expenditure at
13 any time during the 2-year period begin-
14 ning on the date on which the last match-
15 ing funds are provided under paragraph
16 (4)(B)(ii)(I) to the individual development
17 account established for the eligible partici-
18 pant.

19 “(ii) UNEXPENDED FUNDS.—At the
20 end of the period described in clause (i),
21 any funds remaining in an individual devel-
22 opment account established for an eligible
23 participant shall revert to the reserve fund
24 of the demonstration program under which
25 the account was established.

1 “(c) APPLICATIONS.—

2 “(1) IN GENERAL.—A qualified entity that
3 seeks to carry out a demonstration program under
4 this section may submit to the Secretary an applica-
5 tion at such time, in such form, and containing such
6 information as the Secretary may prescribe.

7 “(2) CRITERIA.—In considering whether to ap-
8 prove an application to carry out a demonstration
9 program under this section, the Secretary shall as-
10 sess—

11 “(A) the degree to which the demonstra-
12 tion program described in the application is
13 likely to aid eligible participants in successfully
14 pursuing new farming opportunities;

15 “(B) the experience and ability of the
16 qualified entity to responsibly administer the
17 demonstration program;

18 “(C) the experience and ability of the
19 qualified entity in recruiting, educating, and as-
20 sisting eligible participants to increase economic
21 independence and pursue or advance farming
22 opportunities;

23 “(D) the aggregate amount of direct funds
24 from non-Federal public sector and private
25 sources that are formally committed to the

1 demonstration program as matching contribu-
2 tions;

3 “(E) the adequacy of the plan of the quali-
4 fied entity to provide information relevant to an
5 evaluation of the demonstration program; and

6 “(F) such other factors as the Secretary
7 considers to be appropriate.

8 “(3) PREFERENCES.—In considering an appli-
9 cation to conduct a demonstration program under
10 this section, the Secretary shall give preference to an
11 application from a qualified entity that dem-
12 onstrates—

13 “(A) a track record of serving clients tar-
14 geted by the program, including, as appro-
15 priate, socially disadvantaged farmers; and

16 “(B) expertise in dealing with financial
17 management aspects of farming.

18 “(4) APPROVAL.—Not later than 1 year after
19 the date of enactment of this section, in accordance
20 with this section, the Secretary shall, on a competi-
21 tive basis, approve such applications to conduct dem-
22 onstration programs as the Secretary considers ap-
23 propriate.

24 “(5) TERM OF AUTHORITY.—If the Secretary
25 approves an application to carry out a demonstration

1 program, the Secretary shall authorize the applicant
2 to carry out the project for a period of 5 years, plus
3 an additional 2 years to make eligible expenditures
4 in accordance with subsection (b)(5)(B).

5 “(d) GRANT AUTHORITY.—

6 “(1) IN GENERAL.—The Secretary shall make a
7 grant to a qualified entity authorized to carry out a
8 demonstration program under this section.

9 “(2) MAXIMUM AMOUNT OF GRANTS.—The ag-
10 gregate amount of grant funds provided to a dem-
11 onstration program carried out under this section
12 shall not exceed \$250,000.

13 “(3) TIMING OF GRANT PAYMENTS.—The Sec-
14 retary shall pay the amounts awarded under a grant
15 made under this section—

16 “(A) on the awarding of the grant; or

17 “(B) pursuant to such payment plan as
18 the qualified entity may specify.

19 “(e) REPORTS.—

20 “(1) ANNUAL PROGRESS REPORTS.—

21 “(A) IN GENERAL.—Not later than 60
22 days after the end of the calendar year in which
23 the Secretary authorizes a qualified entity to
24 carry out a demonstration program under this
25 section, and annually thereafter until the con-

1 elusion of the demonstration program, the
2 qualified entity shall prepare an annual report
3 that includes, for the period covered by the re-
4 port—

5 “(i) an evaluation of the progress of
6 the demonstration program;

7 “(ii) information about the dem-
8 onstration program, including the eligible
9 participants and the individual develop-
10 ment accounts that have been established;
11 and

12 “(iii) such other information as the
13 Secretary may require.

14 “(B) SUBMISSION OF REPORTS.—A quali-
15 fied entity shall submit each report required
16 under subparagraph (A) to the Secretary.

17 “(2) REPORTS BY THE SECRETARY.—Not later
18 than 1 year after the date on which all demonstra-
19 tion programs under this section are concluded, the
20 Secretary shall submit to Congress a final report
21 that describes the results and findings of all reports
22 and evaluations carried out under this section.

23 “(f) ANNUAL REVIEW.—The Secretary may conduct
24 an annual review of the financial records of a qualified
25 entity—

1 “(1) to assess the financial soundness of the
2 qualified entity; and

3 “(2) to determine the use of grant funds made
4 available to the qualified entity under this section.

5 “(g) REGULATIONS.—In carrying out this section,
6 the Secretary may promulgate regulations to ensure that
7 the program includes provisions for—

8 “(1) the termination of demonstration pro-
9 grams;

10 “(2) control of the reserve funds in the case of
11 such a termination;

12 “(3) transfer of demonstration programs to
13 other qualified entities; and

14 “(4) remissions from a reserve fund to the Sec-
15 retary in a case in which a demonstration program
16 is terminated without transfer to a new qualified en-
17 tity.

18 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
19 is authorized to be appropriated to carry out this section
20 \$5,000,000 for each of fiscal years 2012 through 2017.

21 **“SEC. 3429. FARMER LOAN PILOT PROJECTS.**

22 “(a) IN GENERAL.—The Secretary may conduct pilot
23 projects of limited scope and duration that are consistent
24 with this subtitle to evaluate processes and techniques that

1 may improve the efficiency and effectiveness of the pro-
2 grams carried out under this subtitle

3 “(b) NOTIFICATION.—The Secretary shall—

4 “(1) not less than 60 days before the date on
5 which the Secretary initiates a pilot project under
6 subsection (a), submit notice of the proposed pilot
7 project to the Committee on Agriculture of the
8 House of Representatives and the Committee on Ag-
9 riculture, Nutrition, and Forestry of the Senate; and
10 “(2) consider any recommendations or feedback
11 provided to the Secretary in response to the notice
12 provided under paragraph (1).

13 **“SEC. 3430. PROHIBITION ON USE OF LOANS FOR CERTAIN**
14 **PURPOSES.**

15 “(a) IN GENERAL.—Except as provided in sub-
16 sections (b) and (c), the Secretary may not approve a loan
17 under this subtitle to drain, dredge, fill, level, or otherwise
18 manipulate a wetland (as defined in section 1201(a) of
19 the Food Security Act of 1985 (16 U.S.C. 3801(a))), or
20 to engage in any activity that results in impairing or re-
21 ducing the flow, circulation, or reach of water.

22 “(b) PRIOR ACTIVITY.—Subsection (a) does not
23 apply in the case of—

24 “(1) an activity related to the maintenance of
25 a previously converted wetland; or

1 “(2) an activity that had already commenced
2 before November 28, 1990.

3 “(c) EXCEPTION.—This section shall not apply to a
4 loan made or guaranteed under this subtitle for a utility
5 line.

6 **“SEC. 3431. AUTHORIZATION OF APPROPRIATIONS AND AL-**
7 **LOCATION OF FUNDS.**

8 “(a) AUTHORIZATION FOR LOANS.—

9 “(1) IN GENERAL.—The Secretary may make
10 or guarantee loans under chapters 1 and 2 from the
11 Agricultural Credit Insurance Fund for not more
12 than \$4,226,000,000 for each of fiscal years 2012
13 through 2017, of which, for each fiscal year—

14 “(A) \$1,200,000,000 shall be for direct
15 loans, of which—

16 “(i) \$350,000,000 shall be for farm
17 ownership loans; and

18 “(ii) \$850,000,000 shall be for oper-
19 ating loans; and

20 “(B) \$3,026,000,000 shall be for guaran-
21 teed loans, of which—

22 “(i) \$1,000,000,000 shall be for guar-
23 antees of farm ownership loans; and

24 “(ii) \$2,026,000,000 shall be for
25 guarantees of operating loans.

1 “(2) BEGINNING FARMERS.—

2 “(A) DIRECT LOANS.—

3 “(i) FARM OWNERSHIP LOANS.—

4 “(I) IN GENERAL.—Of the
5 amounts made available under para-
6 graph (1) for direct farm ownership
7 loans, the Secretary shall reserve an
8 amount that is not less than 75 per-
9 cent of the total amount for qualified
10 beginning farmers.

11 “(II) DOWN PAYMENT LOANS;
12 JOINT FINANCING ARRANGEMENTS.—
13 Of the amounts reserved for a fiscal
14 year under subclause (I), the Sec-
15 retary shall reserve an amount not
16 less than $\frac{2}{3}$ of the amount for the
17 down payment loan program under
18 section 3107 and joint financing ar-
19 rangements under section 3105 until
20 April 1 of the fiscal year.

21 “(ii) OPERATING LOANS.—Of the
22 amounts made available under paragraph
23 (1) for direct operating loans, the Sec-
24 retary shall reserve for qualified beginning
25 farmers for each of fiscal years 2012

1 through 2017, an amount that is not less
2 than 50 percent of the total amount.

3 “(iii) FUNDS RESERVED UNTIL SEP-
4 TEMBER 1.—Except as provided in clause
5 (i)(II), funds reserved for qualified begin-
6 ning farmers under this subparagraph for
7 a fiscal year shall be reserved only until
8 September 1 of the fiscal year.

9 “(B) GUARANTEED LOANS.—

10 “(i) FARM OWNERSHIP LOANS.—Of
11 the amounts made available under para-
12 graph (1) for guarantees of farm owner-
13 ship loans, the Secretary shall reserve an
14 amount that is not less than 40 percent of
15 the total amount for qualified beginning
16 farmers.

17 “(ii) OPERATING LOANS.—Of the
18 amounts made available under paragraph
19 (1) for guarantees of operating loans, the
20 Secretary shall reserve 40 percent for
21 qualified beginning farmers.

22 “(iii) FUNDS RESERVED UNTIL APRIL
23 1.—Funds reserved for qualified beginning
24 farmers under this subparagraph for a fis-

1 cal year shall be reserved only until April
2 1 of the fiscal year.

3 “(C) RESERVED FUNDS FOR ALL QUALI-
4 FIED BEGINNING FARMERS.—If a qualified be-
5 ginning farmer meets the eligibility criteria for
6 receiving a direct or guaranteed loan under sec-
7 tion 3101, 3107, or 3201, the Secretary shall
8 make or guarantee the loan if sufficient funds
9 reserved under this paragraph are available to
10 make or guarantee the loan.

11 “(3) TRANSFER FOR DOWN PAYMENT LOANS.—

12 “(A) IN GENERAL.—Subject to subpara-
13 graph (B)—

14 “(i) beginning on August 1 of each
15 fiscal year, the Secretary shall use avail-
16 able unsubsidized guaranteed farm oper-
17 ating loan funds to provide direct farm
18 ownership loans approved by the Secretary
19 to qualified beginning farmers under the
20 down payment loan program established
21 under section 3107, if sufficient direct
22 farm ownership loan funds are not other-
23 wise available; and

24 “(ii) beginning on September 1 of
25 each fiscal year, the Secretary shall use

1 available unsubsidized guaranteed farm op-
2 erating loan funds to provide direct farm
3 ownership loans approved by the Secretary
4 to qualified beginning farmers, if sufficient
5 direct farm ownership loan funds are not
6 otherwise available.

7 “(B) LIMITATION.—The Secretary shall
8 limit the transfer of funds under subparagraph
9 (A) so that all guaranteed farm operating loans
10 that have been approved, or will be approved,
11 by the Secretary during the fiscal year will be
12 made to the extent of available amounts.

13 “(4) TRANSFER FOR CREDIT SALES OF FARM
14 INVENTORY PROPERTY.—

15 “(A) IN GENERAL.—Subject to subpara-
16 graphs (B) and (C), beginning on September 1
17 of each fiscal year, the Secretary may use avail-
18 able funds made available under chapter 3 for
19 the fiscal year to fund the credit sale of farm
20 real estate in the inventory of the Secretary.

21 “(B) SUPPLEMENTAL APPROPRIATIONS.—
22 The transfer authority provided under subpara-
23 graph (A) shall not apply to any funds made
24 available to the Secretary for any fiscal year

1 under an Act making supplemental appropria-
2 tions.

3 “(C) LIMITATION.—The Secretary shall
4 limit the transfer of funds under subparagraph
5 (A) so that all emergency disaster loans that
6 have been approved, or will be approved, by the
7 Secretary during the fiscal year will be made to
8 the extent of available amounts.

9 “(5) AVAILABILITY OF FUNDS.—Funds made
10 available to carry out this subtitle shall remain avail-
11 able until expended.

12 “(b) COST PROJECTIONS.—

13 “(1) IN GENERAL.—The Secretary shall develop
14 long-term cost projections for loan program author-
15 izations required under subsection (a).

16 “(2) ANALYSIS.—Each projection under para-
17 graph (1) shall include analyses of—

18 “(A) the long-term costs of the lending lev-
19 els that the Secretary requests to be authorized
20 under subsection (a); and

21 “(B) the long-term costs for increases in
22 lending levels beyond those requested to be au-
23 thorized, based on increments of \$10,000,000
24 or such other levels as the Secretary considers
25 appropriate.

1 “(3) SUBMISSION TO CONGRESS.—The Sec-
2 retary shall submit to the Committees on Agri-
3 culture and Appropriations of the House of Rep-
4 resentatives and the Committees on Agriculture, Nu-
5 trition, and Forestry and Appropriations of the Sen-
6 ate reports containing the long-term cost projections
7 for the 3-year period beginning with fiscal year 1983
8 and each 3-year period thereafter at the time the re-
9 quests for authorizations for those periods are sub-
10 mitted to Congress.

11 “(c) LOW-INCOME, LIMITED-RESOURCE BOR-
12 ROWERS.—

13 “(1) RESERVE.—Notwithstanding any other
14 provision of law, not less than 25 percent of the
15 loans for farm ownership purposes for each fiscal
16 year under this subtitle shall be for low-income, lim-
17 ited-resource borrowers.

18 “(2) NOTIFICATION.—The Secretary shall pro-
19 vide notification to farm borrowers under this sub-
20 title in the normal course of loan making and loan
21 servicing operations, of the provisions of this subtitle
22 relating to low-income, limited-resource borrowers
23 and the procedures by which persons may apply for
24 loans under the low-income, limited-resource bor-
25 rower program.”.

1 **Subtitle B—Miscellaneous**

2 **SEC. 5101. STATE AGRICULTURAL MEDIATION PROGRAMS.**

3 Section 506 of the Agricultural Credit Act of 1987
4 (7 U.S.C. 5106) is amended by striking “2015” and in-
5 serting “2017”.

6 **SEC. 5102. LOANS TO PURCHASERS OF HIGHLY**
7 **FRACTIONATED LAND.**

8 (a) IN GENERAL.—The first sentence of Public Law
9 91–229 (25 U.S.C. 488) is amended—

10 (1) in subsection (a), in the first sentence, by
11 striking “loans from” and all that follows through
12 “1929)” and inserting “direct loans in a manner
13 consistent with direct loans pursuant to chapter 4 of
14 subtitle A of the Consolidated Farm and Rural De-
15 velopment Act”;

16 (2) in subsection (b)(1)—

17 (A) by striking “pursuant to section 205(c)
18 of the Indian Land Consolidation Act (25
19 U.S.C. 2204(c))”; and

20 (B) by inserting “or to intermediaries in
21 order to establish revolving loan funds for the
22 purchase of highly fractionated land under that
23 section” before the period at the end; and

24 (3) by adding at the end the following:

1 “(c) CONSULTATION REQUIRED.—In determining
2 regulations and procedures to define eligible purchasers of
3 highly fractionated land under this section, the Secretary
4 of Agriculture shall consult with the Secretary of the Inte-
5 rior.”.

6 **SEC. 5103. REMOVAL OF DUPLICATIVE APPRAISALS.**

7 Notwithstanding any other law (including regula-
8 tions), in making loans under the first section of Public
9 Law 91–229 (25 U.S.C. 488), borrowers who are Indian
10 tribes, members of Indian tribes, or tribal corporations
11 shall only be required to obtain 1 appraisal under an ap-
12 praisal standard recognized as of the date of enactment
13 of this Act by the Secretary or the Secretary of the Inte-
14 rior.

15 **TITLE VI—RURAL**

16 **DEVELOPMENT**

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

20 **SEC. 6001. REORGANIZATION OF THE CONSOLIDATED FARM**
21 **AND RURAL DEVELOPMENT ACT.**

22 Title III of the Agricultural Act of 1961 (7 U.S.C.
23 1921 et seq.) is amended to read as follows:

1 **“TITLE III—AGRICULTURAL**
2 **CREDIT**

3 **“SEC. 3001. SHORT TITLE; TABLE OF CONTENTS.**

4 “(a) SHORT TITLE.—This title may be cited as the
5 ‘Consolidated Farm and Rural Development Act’.

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

 “TITLE III—AGRICULTURAL CREDIT

 “Sec. 3001. Short title; table of contents.

 “Sec. 3002. Definitions.

 “Subtitle A—Farmer Loans, Servicing, and Other Assistance

 “CHAPTER 1—FARM OWNERSHIP LOANS

 “Sec. 3101. Farm ownership loans.

 “Sec. 3102. Purposes of loans.

 “Sec. 3103. Conservation loan and loan guarantee program.

 “Sec. 3104. Loan maximums.

 “Sec. 3105. Repayment requirements for farm ownership loans.

 “Sec. 3106. Limited-resource loans.

 “Sec. 3107. Downpayment loan program.

 “Sec. 3108. Beginning farmer and socially disadvantaged farmer contract land
 sales program.

 “CHAPTER 2—OPERATING LOANS

 “Sec. 3201. Operating loans.

 “Sec. 3202. Purposes of loans.

 “Sec. 3203. Restrictions on loans.

 “Sec. 3204. Terms of loans.

 “CHAPTER 3—EMERGENCY LOANS

 “Sec. 3301. Emergency loans.

 “Sec. 3302. Purposes of loans.

 “Sec. 3303. Terms of loans.

 “Sec. 3304. Production losses.

 “CHAPTER 4—GENERAL FARMER LOAN PROVISIONS

 “Sec. 3401. Agricultural Credit Insurance Fund.

 “Sec. 3402. Guaranteed farmer loans.

 “Sec. 3403. Provision of information to borrowers.

 “Sec. 3404. Notice of loan service programs.

 “Sec. 3405. Planting and production history guidelines.

 “Sec. 3406. Special conditions and limitations on loans.

 “Sec. 3407. Graduation of borrowers.

- “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. Underwriting forms and standards.
- “Sec. 3428. Beginning farmer individual development accounts pilot program.
- “Sec. 3429. Farmer loan pilot projects.
- “Sec. 3430. Prohibition on use of loans for certain purposes.
- “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.
- “Sec. 3707. State Rural Development Partnership.

“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. Transfer of land to Secretary.
- “Sec. 3913. Competitive sourcing limitations.
- “Sec. 3914. 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.—The term ‘begin-
6 ning farmer’ has the meaning given the term by the
7 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 3411;

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 entity, or other legal organiza-
2 tion, as 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, or subdivision thereof.

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 3414.

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 disaster due to nonmanmade causes
9 declared by the 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.—For purposes of section
9 3501, the term ‘project’ includes a facility providing
10 central service or a facility serving an individual
11 property, or both.

12 “(26) QUALIFIED BEGINNING FARMER.—The
13 term ‘qualified beginning farmer’ means an appli-
14 cant, regardless of whether the applicant is partici-
15 pating in a program under 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 acreage of the farms, as the
5 case may be, in the county in which the farm
6 operations of the applicant are located, as re-
7 ported in the most recent census of agriculture
8 taken in accordance with the Census of Agri-
9 culture Act of 1997 (7 U.S.C. 2204g et seq.),
10 except that this subparagraph shall not apply to
11 a loan made or guaranteed under chapter 2 of
12 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.—For purposes
18 of section 3410, the term ‘recreational purpose’ has
19 the meaning provided by the Secretary, but shall in-
20 clude hunting.

21 “(28) RURAL AND RURAL AREA.—

22 “(A) IN GENERAL.—Subject to any deter-
23 mination made under subparagraph (B), the
24 terms ‘rural’ and ‘rural area’ mean any area
25 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.—If part of an area
10 described in subparagraph (A)(ii) was eli-
11 gible under the definitions of the terms
12 ‘rural’ and ‘rural area’ in section 343 (as
13 in effect on the day before the date of en-
14 actment of the Agriculture Reform, Food,
15 and Jobs Act of 2012) for community fa-
16 cility, water and waste disposal, and
17 broadband programs, that area shall re-
18 main eligible unless the Secretary, acting
19 through the Under Secretary for Rural De-
20 velopment (referred to in this subpara-
21 graph as the ‘Under Secretary’), deter-
22 mines the area is no longer rural, based on
23 the criteria described in clause (iii).

24 “(ii) OTHER AREAS.—On petition of a
25 unit of local government in an urbanized

1 area described in subparagraph (A)(ii), or
2 on the initiative of the Under Secretary,
3 the Under Secretary may determine that
4 part of an area is rural, based on the cri-
5 teria described in clause (iii).

6 “(iii) CRITERIA.—In making a deter-
7 mination under clause (i), the Under Sec-
8 retary shall consider—

9 “(I) population density;

10 “(II) economic conditions, favor-
11 ing a rural determination for areas
12 facing—

13 “(aa) chronic unemployment
14 in excess of statewide averages;

15 “(bb) sudden loss of employ-
16 ment from natural disaster or the
17 loss of a significant employer in
18 the area; or

19 “(cc) chronic poverty dem-
20 onstrated at the census block or
21 county level compared to state-
22 wide median household income;
23 and

24 “(III) commuting patterns, favor-
25 ing a rural determination for areas

1 that can demonstrate higher propor-
2 tions of the population living and
3 working in the area.

4 “(iv) ADMINISTRATION.—In carrying
5 out this subparagraph, the Under Sec-
6 retary shall—

7 “(I) not delegate the authority to
8 carry out this subparagraph;

9 “(II) not make a determination
10 under clause (i) until the date that is
11 3 years after the date of enactment of
12 the Agriculture Reform, Food, and
13 Jobs Act of 2012;

14 “(III) consult with the applicable
15 rural development State or regional
16 director of the Department and the
17 Governor of the respective State;

18 “(IV) provide an opportunity to
19 appeal to the Under Secretary a de-
20 termination made under this subpara-
21 graph;

22 “(V) release to the public notice
23 of a petition filed or initiative of the
24 Under Secretary under this subpara-
25 graph not later than 30 days after re-

1 receipt of the petition or the commence-
2 ment of the initiative, as appropriate;

3 “(VI) make a determination
4 under this subparagraph not less than
5 15 days, and not more than 60 days,
6 after the release of the notice under
7 subclause (V); and

8 “(VII) submit to the Committee
9 on Agriculture of the House of Rep-
10 resentatives and the Committee on
11 Agriculture, Nutrition, and Forestry
12 of the Senate an annual report on ac-
13 tions taken to carry out this subpara-
14 graph.

15 “(v) HAWAII AND PUERTO RICO.—
16 Notwithstanding any other provision of
17 this subsection, within the areas of the
18 County of Honolulu, Hawaii, and the Com-
19 monwealth of Puerto Rico, the Under Sec-
20 retary may designate any part of the areas
21 as a rural area if the Under Secretary de-
22 termines that the part is not urban in
23 character, other than any area included in
24 the Honolulu Census Designated Place or
25 the San Juan Census Designated Place.

1 “(C) EXCLUSIONS.—Notwithstanding any
2 other provision of this paragraph, in deter-
3 mining which census blocks in an urbanized
4 area are not in a rural area (as defined in this
5 paragraph), the Secretary shall exclude any
6 cluster of census blocks that would otherwise be
7 considered not in a rural area only because the
8 cluster is adjacent to not more than 2 census
9 blocks that are otherwise considered not in a
10 rural area under this paragraph.

11 “(29) SEASONED DIRECT LOAN BORROWER.—
12 The term ‘seasoned direct loan borrower’ means a
13 borrower who could reasonably be expected to qual-
14 ify for commercial credit using criteria determined
15 by the Secretary.

16 “(30) SECRETARY.—The term ‘Secretary’
17 means the Secretary of Agriculture.

18 “(31) SOCIALLY DISADVANTAGED FARMER.—
19 The term ‘socially disadvantaged farmer’ means a
20 farmer who is a member of a socially disadvantaged
21 group.

22 “(32) SOCIALLY DISADVANTAGED GROUP.—The
23 term ‘socially disadvantaged group’ means a group
24 whose members have been subjected to racial, ethnic,
25 or gender prejudice because of the identity of the

1 members as members of a group without regard to
2 the individual qualities of the members.

3 “(33) SOLAR ENERGY.—The term ‘solar energy’
4 means energy derived from sources (other than fossil
5 fuels) and technologies included in the Federal Non-
6 nuclear Energy Research and Development Act of
7 1974 (42 U.S.C. 5901 et seq.).

8 “(34) STATE.—The term ‘State’ means—

9 “(A) in this title (other than subtitle A),
10 each of the 50 States, the Commonwealth of
11 Puerto Rico, the Virgin Islands, Guam, Amer-
12 ican Samoa, the Commonwealth of the North-
13 ern Mariana Islands, the Republic of the Mar-
14 shall Islands, the Federated States of Micro-
15 nesia, and the Republic of Palau; and

16 “(B) in subtitle A, each of the 50 States,
17 the Commonwealth of Puerto Rico, the Virgin
18 Islands, Guam, American Samoa, the Common-
19 wealth of the Northern Mariana Islands, and,
20 to the extent the Secretary determines it to be
21 feasible and appropriate, the Republic of the
22 Marshall Islands, the Federated States of Mi-
23 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’ has the
11 meaning given the term in section 101 of title 38,
12 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) lower community population;

6 “(B) higher rates of outmigration; and

7 “(C) lower 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 cant health risks, as determined by the
2 Secretary, due to the fact that a significant
3 proportion of the residents of the commu-
4 nity do not have access to, or are not
5 served by, adequate affordable—

6 “(I) water supply systems; or

7 “(II) waste disposal facilities.

8 “(iii) MATCHING REQUIREMENTS.—
9 For entities described under subclauses
10 (III), (IV), or (V) of clause (i) to be eligi-
11 ble to receive a grant for water supply sys-
12 tems or waste disposal facilities, the State
13 in which the project will occur shall pro-
14 vide 25 percent in matching funds from
15 non-Federal sources.

16 “(iv) CERTAIN AREAS TARGETED.—

17 “(I) IN GENERAL.—Loans and
18 grants under clause (i) shall be made
19 only if the loan or grant funds will be
20 used primarily to provide water or
21 waste services, or both, to residents of
22 a county or census area—

23 “(aa) the per capita income
24 of the residents of which is not
25 more than 70 percent of the na-

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) EXCEPTIONS.—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
16 of—

17 “(aa) a rural area that was
18 recognized as a colonia as of Oc-
19 tober 1, 1989; or

20 “(bb) an area described
21 under subclause (II), (III), or
22 (VI) of clause (i).

23 “(C) LOANS AND GRANTS TO INDIVID-
24 UALS.—

1 “(i) IN GENERAL.—The Secretary
2 shall make or guarantee loans and make
3 grants to individuals who reside in a com-
4 munity described in subparagraph (B)(i)
5 for the purpose of extending water supply
6 and waste disposal systems, connecting the
7 systems to the residences of the individ-
8 uals, or installing plumbing and fixtures
9 within the residences of the individuals to
10 facilitate the use of the water supply and
11 waste disposal systems.

12 “(ii) INTEREST.—Loans described in
13 clause (i) shall be at a rate of interest no
14 greater than the Federal Financing Bank
15 rate on loans of a similar term at the time
16 the loans are made.

17 “(iii) AMORTIZATION.—The repay-
18 ment of loans described in clause (i) shall
19 be amortized over the expected life of the
20 water supply or waste disposal system to
21 which the residence of the borrower will be
22 connected.

23 “(iv) MANNER IN WHICH LOANS AND
24 GRANTS ARE TO BE MADE.—Loans and

1 grants to individuals under clause (i) shall
2 be made—

3 “(I) directly to the individuals by
4 the Secretary; or

5 “(II) to the individuals through
6 the rural water supply corporation,
7 cooperative, or similar entity, or pub-
8 lic agency, providing the water supply
9 or waste disposal services, pursuant to
10 regulations issued by the Secretary.

11 “(D) PREFERENCE.—The Secretary shall
12 give preference in the awarding of loans and
13 grants under subparagraphs (B) and (C) to en-
14 tities described in clause (i) of subparagraph
15 (B) that propose to provide water supply or
16 waste disposal services to the residents of In-
17 dian reservations, rural or native villages in the
18 State of Alaska, Native Hawaiian Home Lands,
19 and those rural subdivisions commonly referred
20 to as colonias, that are characterized by sub-
21 standard housing, inadequate roads and drain-
22 age, and a lack of adequate water or waste fa-
23 cilities.

24 “(E) RELATIONSHIP TO OTHER AUTHOR-
25 ITY.—Notwithstanding any other provision of

1 law, the head of any Federal agency may enter
2 into interagency agreements with Federal,
3 State, tribal, and other entities to share re-
4 sources, including transferring and accepting
5 funds, equipment, or other supplies, to carry
6 out the activities described in this paragraph.

7 “(F) AUTHORIZATION OF APPROPRIA-
8 TIONS.—There are authorized to be appro-
9 priated—

10 “(i) for grants under this paragraph,
11 \$60,000,000 for each fiscal year;

12 “(ii) for loans under this paragraph,
13 \$60,000,000 for each fiscal year; and

14 “(iii) in addition to grants provided
15 under clause (i), for grants under this sec-
16 tion to benefit Indian tribes, \$20,000,000
17 for each fiscal year.

18 “(4) SOLID WASTE MANAGEMENT GRANTS.—

19 “(A) IN GENERAL.—The Secretary may
20 make grants to nonprofit organizations for the
21 provision of regional technical assistance to
22 local and regional governments and related
23 agencies for the purpose of reducing or elimi-
24 nating pollution of water resources and improv-

1 ing the planning and management of solid
2 waste disposal facilities in rural areas.

3 “(B) TECHNICAL ASSISTANCE GRANT
4 AMOUNTS.—Grants made under this paragraph
5 for the provision of technical assistance shall be
6 made for 100 percent of the cost of the tech-
7 nical assistance.

8 “(C) AUTHORIZATION OF APPROPRIA-
9 TIONS.—There is authorized to be appropriated
10 to carry out this paragraph \$10,000,000 for
11 each of fiscal years 2013 through 2017

12 “(5) RURAL WATER AND WASTEWATER TECH-
13 NICAL ASSISTANCE AND TRAINING PROGRAMS.—

14 “(A) GRANTS TO NONPROFITS.—

15 “(i) IN GENERAL.—The Secretary
16 may make grants to nonprofit organiza-
17 tions to enable the organizations to provide
18 to associations that provide water and
19 wastewater services in rural areas technical
20 assistance and training—

21 “(I) to identify, and evaluate al-
22 ternative solutions to, problems relat-
23 ing to the obtaining, storage, treat-
24 ment, purification, or distribution of

1 water or the collection, treatment, or
2 disposal of waste in rural areas;

3 “(II) to prepare applications to
4 receive financial assistance for any
5 purpose specified in subsection (a)(1)
6 from any public or private source; and

7 “(III) to improve the operation
8 and maintenance practices at any ex-
9 isting works for the storage, treat-
10 ment, purification, or distribution of
11 water or the collection, treatment, or
12 disposal of waste in rural areas.

13 “(ii) SELECTION PRIORITY.—In se-
14 lecting recipients of grants to be made
15 under clause (i), the Secretary shall give
16 priority to nonprofit organizations that
17 have experience in providing the technical
18 assistance and training described in clause
19 (i) to associations serving rural areas in
20 which—

21 “(I) residents have low income;
22 and

23 “(II) water supply systems or
24 waste facilities are unhealthful.

25 “(iii) FUNDING.—

1 “(I) IN GENERAL.—Except as
2 provided in subclause (II), not less
3 than 1 nor more than 3 percent of
4 any funds made available to carry out
5 water and waste disposal projects de-
6 scribed in subsection (a) for any fiscal
7 year shall be reserved for grants
8 under this paragraph.

9 “(II) EXCEPTION.—The min-
10 imum amount specified in subclause
11 (I) shall not apply if the aggregate
12 amount of grant funds requested by
13 applications that qualify for grants re-
14 ceived by the Secretary from eligible
15 nonprofit organizations for the fiscal
16 year totals less than 1 percent of
17 those funds.

18 “(B) RURAL WATER AND WASTEWATER
19 CIRCUIT RIDER PROGRAM.—

20 “(i) IN GENERAL.—The Secretary
21 shall continue a national rural water and
22 wastewater circuit rider program that—

23 “(I) is consistent with the activi-
24 ties and results of the program con-

1 ducted before January 1, 2012, as de-
2 termined by the Secretary; and

3 “(II) received funding from the
4 Secretary, acting through the Admin-
5 istrator of the Rural Utilities Service.

6 “(ii) AUTHORIZATION OF APPROPRIA-
7 TIONS.—There is authorized to be appro-
8 priated to carry out this subparagraph
9 \$25,000,000 for fiscal year 2013 and each
10 fiscal year thereafter.

11 “(6) SEARCH PROGRAM.—

12 “(A) IN GENERAL.—The Secretary may es-
13 tablish a Special Evaluation Assistance for
14 Rural Communities and Households
15 (SEARCH) program to make predevelopment
16 planning grants for feasibility studies, design
17 assistance, and technical assistance, to finan-
18 cially distressed communities in rural areas
19 with populations of 2,500 or fewer inhabitants
20 for water and waste disposal projects described
21 in this section.

22 “(B) TERMS.—

23 “(i) DOCUMENTATION.—With respect
24 to grants made under this paragraph, the

1 Secretary shall require the lowest quantity
2 of documentation practicable.

3 “(ii) MATCHING.—Notwithstanding
4 any other provision of this section, the Sec-
5 retary may fund up to 100 percent of the
6 eligible costs of grants provided under this
7 paragraph, as determined by the Secretary.

8 “(iii) FUNDING.—The Secretary may
9 use not more than 4 percent of the total
10 amount of funds made available for a fiscal
11 year for water, waste disposal, and essen-
12 tial community facility activities under this
13 chapter to carry out this paragraph.

14 “(C) RELATIONSHIP TO OTHER AUTHOR-
15 ITY.—

16 “(i) IN GENERAL.—The funds and au-
17 thorities provided under this paragraph are
18 in addition to any other funds or authori-
19 ties the Secretary may have to carry out
20 activities described in this section.

21 “(ii) AUTHORIZED ACTIVITIES.—The
22 Secretary may furnish financial assistance
23 or other aid in planning projects for the
24 purposes described in subparagraph (A).

1 “(f) PRIORITY.—In making grants and loans, and
2 guaranteeing loans, for water, wastewater, and waste dis-
3 posal projects under this section, the Secretary shall give
4 priority consideration to projects that serve rural commu-
5 nities that, as determined by the Secretary—

6 “(1) have a population of less than 5,500 per-
7 manent residents;

8 “(2) have a community water, wastewater, or
9 waste disposal system that—

10 “(A) is experiencing—

11 “(i) an unanticipated reduction in the
12 quality of water, the quantity of water, or
13 the ability to deliver water; or

14 “(ii) some other deterioration in the
15 supply of water to the community;

16 “(B) is not adequate to meet the needs of
17 the community; and

18 “(C) requires immediate corrective action;

19 “(3) are experiencing outmigration;

20 “(4) have a high percentage of low-income resi-
21 dents; or

22 “(5) are isolated from other significant popu-
23 lation centers.

24 “(g) CURTAILMENT OR LIMITATION OF SERVICE
25 PROHIBITED.—The service provided or made available

1 through any such association shall not be curtailed or lim-
2 ited by inclusion of the area served by such association
3 within the boundaries of any municipal corporation or
4 other public body, or by the granting of any private fran-
5 chise for similar service within such area during the term
6 of such loan; nor shall the happening of any such event
7 be the basis of requiring such association to secure any
8 franchise, license, or permit as a condition to continuing
9 to serve the area served by the association at the time
10 of the occurrence of such event.

11 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
12 are authorized to be appropriated to carry out this section
13 such sums as are necessary.

14 **“SEC. 3502. COMMUNITY FACILITIES LOANS, LOAN GUARAN-**
15 **TEES, AND GRANTS.**

16 “(a) IN GENERAL.—The Secretary may make grants
17 and loans and issue loan guarantees (including a guar-
18 antee of a loan financed by the net proceeds of a bond
19 described in section 142(a) of the Internal Revenue Code
20 of 1986) to eligible entities described in subsection (b) for
21 projects in rural areas that primarily serve rural residents
22 to provide for—

23 “(1) essential community facilities, including—

24 “(A) necessary equipment;

25 “(B) recreational developments; and

1 “(2) financial assistance and other assistance in
2 the planning of projects for purposes described in
3 this section.

4 “(b) ELIGIBLE ENTITIES.—Entities eligible for as-
5 sistance described in subsection (a) are—

6 “(1) associations (including corporations not
7 operated for profit);

8 “(2) Indian tribes (including groups of individ-
9 uals described in paragraph (4) of section 815 of the
10 Native American Programs Act of 1974 (42 U.S.C.
11 2992c)); and

12 “(3) public and quasi-public agencies.

13 “(c) LOAN AND LOAN GUARANTEE REQUIRE-
14 MENTS.—

15 “(1) IN GENERAL.—In connection with loans
16 made or guaranteed under this section, the Sec-
17 retary shall require the applicant—

18 “(A) to certify in writing, and the Sec-
19 retary shall determine, that the applicant is un-
20 able to obtain sufficient credit elsewhere to fi-
21 nance the actual needs of the applicant; and

22 “(B) to furnish an appropriate written fi-
23 nancial statement.

24 “(2) DEBT RESTRUCTURING AND LOAN SERV-
25 ICING FOR COMMUNITY FACILITY LOANS.—The Sec-

1 retary shall establish and implement a program that
2 is similar to the program established under section
3 3411, except that the debt restructuring and loan
4 servicing procedures shall apply to delinquent com-
5 munity facility program loans to a hospital or health
6 care facility under subsection (a).

7 “(d) GRANT AMOUNTS.—

8 “(1) MAXIMUM.—Except as otherwise provided
9 in this subsection, the amount of any grant made
10 under this section shall not exceed 75 percent of the
11 development cost of the project for which the grant
12 is provided.

13 “(2) GRANT RATE.—The Secretary shall estab-
14 lish the grant rate for each project in conformity
15 with regulations issued by the Secretary that shall
16 provide for a graduated scale of grant rates that es-
17 tablish higher rates for projects in communities that
18 have—

19 “(A) low community population;

20 “(B) high rates of outmigration; and

21 “(C) low income levels.

22 “(3) LOCAL SHARE REQUIREMENTS.—Grants
23 made under this section may be used to pay the
24 local share requirements of another Federal grant-

1 in-aid program to the extent permitted under the
2 law providing for the grant-in-aid program.

3 “(e) PRIORITY.—In making grants and loans, and
4 guaranteeing loans under this section, the Secretary shall
5 give priority consideration to projects that serve rural
6 communities that—

7 “(1) have a population of less than 20,000 per-
8 manent residents;

9 “(2) are experiencing outmigration;

10 “(3) have a high percentage of low-income resi-
11 dents; or

12 “(4) are isolated from other significant popu-
13 lation centers.

14 “(f) TRIBAL COLLEGES AND UNIVERSITIES.—

15 “(1) IN GENERAL.—The Secretary may make
16 grants to an entity that is a Tribal College or Uni-
17 versity (as defined in section 316(b) of the Higher
18 Education Act of 1965 (20 U.S.C. 1059c(b))) to
19 provide the Federal share of the cost of developing
20 specific Tribal College or University essential com-
21 munity facilities in rural areas.

22 “(2) FEDERAL SHARE.—The Secretary shall es-
23 tablish the maximum percentage of the cost of the
24 project that may be covered by a grant under this
25 subsection, except that the Secretary may not re-

1 quire non-Federal financial support in an amount
2 that is greater than 5 percent of the total cost of the
3 project.

4 “(3) AUTHORIZATION OF APPROPRIATIONS.—

5 There is authorized to be appropriated to carry out
6 this subsection \$10,000,000 for each of fiscal years
7 2013 through 2017.

8 “(g) TECHNICAL ASSISTANCE FOR COMMUNITY FA-
9 CILITIES PROJECTS.—

10 “(1) IN GENERAL.—Subject to paragraph (2),
11 the Secretary may use funds made available for com-
12 munity facilities programs authorized under this sec-
13 tion to provide technical assistance to applicants and
14 participants for community facilities programs.

15 “(2) FUNDING.—The Secretary may use not
16 more than 3 percent of the amount of funds made
17 available to participants for a fiscal year for a com-
18 munity facilities program to provide technical assist-
19 ance described in paragraph (1).

20 “(h) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated to carry out this section
22 such sums as are necessary.

23 **“SEC. 3503. HEALTH CARE SERVICES.**

24 “(a) PURPOSE.—The purpose of this section is to ad-
25 dress the continued unmet health needs in the Delta re-

1 gion through cooperation among health care professionals,
2 institutions of higher education, research institutions, and
3 other individuals and entities in the region.

4 “(b) DEFINITION OF ELIGIBLE ENTITY.—In this sec-
5 tion, the term ‘eligible entity’ means a consortium of re-
6 gional institutions of higher education, academic health
7 and research institutes, and economic development entities
8 located in the Delta region that have experience in ad-
9 dressing the health care issues in the region.

10 “(c) GRANTS.—To carry out the purpose described
11 in subsection (a), the Secretary may award a grant to an
12 eligible entity for—

13 “(1) the development of—

14 “(A) health care services;

15 “(B) health education programs; and

16 “(C) health care job training programs;

17 and

18 “(2) the development and expansion of public
19 health-related facilities in the Delta region to ad-
20 dress longstanding and unmet health needs of the
21 region.

22 “(d) USE.—As a condition of the receipt of the grant,
23 the eligible entity shall use the grant to fund projects and
24 activities described in subsection (c), based on input solic-

1 ited from local governments, public health care providers,
2 and other entities in the Delta region.

3 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated to the Secretary to carry
5 out this section \$3,000,000 for each of fiscal years 2013
6 through 2017.

7 **“CHAPTER 2—RURAL BUSINESS AND**
8 **COOPERATIVE DEVELOPMENT**

9 **“SEC. 3601. BUSINESS PROGRAMS.**

10 “(a) RURAL BUSINESS DEVELOPMENT GRANTS.—

11 “(1) IN GENERAL.—The Secretary may make
12 grants under this subsection to eligible entities de-
13 scribed in paragraph (2) in rural areas that pri-
14 marily serve rural areas for purposes described in
15 paragraph (3).

16 “(2) ELIGIBLE ENTITIES.—The Secretary may
17 make grants under this subsection to—

18 “(A) governmental entities;

19 “(B) Indian tribes; and

20 “(C) nonprofit entities.

21 “(3) ELIGIBLE PURPOSES FOR GRANTS.—Eligi-
22 ble entities that receive grants under this subsection
23 may use the grant funds for—

24 “(A) business opportunity projects that—

1 “(i) identify and analyze business op-
2 portunities;

3 “(ii) identify, train, and provide tech-
4 nical assistance to existing or prospective
5 rural entrepreneurs and managers;

6 “(iii) assist in the establishment of
7 new rural businesses and the maintenance
8 of existing businesses, including through
9 business support centers;

10 “(iv) conduct regional, community,
11 and local economic development planning
12 and coordination, and leadership develop-
13 ment; and

14 “(v) establish centers for training,
15 technology, and trade that will provide
16 training to rural businesses in the use of
17 interactive communications technologies to
18 develop international trade opportunities
19 and markets; and

20 “(B) projects that support the development
21 of business enterprises that finance or facili-
22 tate—

23 “(i) the development of small and
24 emerging private business enterprise;

1 “(ii) the establishment, expansion,
2 and operation of rural distance learning
3 networks;

4 “(iii) the development of rural learn-
5 ing programs that provide educational in-
6 struction or job training instruction related
7 to potential employment or job advance-
8 ment to adult students; and

9 “(iv) the provision of technical assist-
10 ance and training to rural communities for
11 the purpose of improving passenger trans-
12 portation services or facilities.

13 “(4) AUTHORIZATION OF APPROPRIATIONS.—
14 There is authorized to be appropriated to the Sec-
15 retary to carry out this subsection \$65,000,000 for
16 each of fiscal years 2013 through 2017, to remain
17 available until expended.

18 “(b) VALUE-ADDED AGRICULTURAL PRODUCER
19 GRANTS.—

20 “(1) DEFINITIONS.—In this subsection:

21 “(A) MID-TIER VALUE CHAIN.—The term
22 ‘mid-tier value chain’ means a local and re-
23 gional supply network that links independent
24 producers with businesses and cooperatives that

1 market value-added agricultural products in a
2 manner that—

3 “(i) targets and strengthens the prof-
4 itability and competitiveness of small- and
5 medium-sized farms that are structured as
6 family farms; and

7 “(ii) obtains agreement from an eligi-
8 ble agricultural producer group, farmer co-
9 operative, or majority-controlled producer-
10 based business venture that is engaged in
11 the value chain on a marketing strategy.

12 “(B) PRODUCER.—The term ‘producer’
13 means a farmer.

14 “(C) VALUE-ADDED AGRICULTURAL PROD-
15 UCT.—The term ‘value-added agricultural prod-
16 uct’ means any agricultural commodity or prod-
17 uct—

18 “(i) that—

19 “(I) has undergone a change in
20 physical state;

21 “(II) was produced in a manner
22 that enhances the value of the agricul-
23 tural commodity or product, as dem-
24 onstrated through a business plan

1 that shows the enhanced value, as de-
2 termined by the Secretary;

3 “(III) is physically segregated in
4 a manner that results in the enhance-
5 ment of the value of the agricultural
6 commodity or product;

7 “(IV) is a source of farm-based
8 renewable energy, including E-85
9 fuel; or

10 “(V) is aggregated and marketed
11 as a locally produced agricultural food
12 product; and

13 “(ii) for which, as a result of the
14 change in physical state or the manner in
15 which the agricultural commodity or prod-
16 uct was produced, marketed, or seg-
17 regated—

18 “(I) the customer base for the
19 agricultural commodity or product is
20 expanded; and

21 “(II) a greater portion of the rev-
22 enue derived from the marketing,
23 processing, or physical segregation of
24 the agricultural commodity or product

1 is available to the producer of the
2 commodity or product.

3 “(2) GRANTS.—

4 “(A) IN GENERAL.—The Secretary may
5 make grants under this subsection to—

6 “(i) independent producers of value-
7 added agricultural products; and

8 “(ii) an agricultural producer group,
9 farmer cooperative, or majority-controlled
10 producer-based business venture, as deter-
11 mined by the Secretary.

12 “(B) GRANTS TO A PRODUCER.—A grantee
13 under subparagraph (A)(i) shall use the
14 grant—

15 “(i) to develop a business plan or per-
16 form a feasibility study to establish a via-
17 ble marketing opportunity (including
18 through mid-tier value chains) for value-
19 added agricultural products; or

20 “(ii) to provide capital to establish al-
21 liances or business ventures that allow the
22 producer to better compete in domestic or
23 international markets.

24 “(C) GRANTS TO AN AGRICULTURAL PRO-
25 DUCER GROUP, COOPERATIVE OR PRODUCER-

1 BASED BUSINESS VENTURE.—A grantee under
2 subparagraph (A)(ii) shall use the grant—

3 “(i) to develop a business plan for via-
4 ble marketing opportunities in emerging
5 markets for a value-added agricultural
6 product; or

7 “(ii) to develop strategies that are in-
8 tended to create marketing opportunities
9 in emerging markets for the value-added
10 agricultural product.

11 “(D) AWARD SELECTION.—

12 “(i) PRIORITY.—In awarding grants
13 under this subsection, the Secretary shall
14 give priority to projects—

15 “(I) that contribute to increasing
16 opportunities for operators of small-
17 and medium-sized farms that are
18 structured as family farms; or

19 “(II) at least $\frac{1}{4}$ of the recipients
20 of which are beginning farmers or so-
21 cially disadvantaged farmers.

22 “(ii) RANKING.—In evaluating and
23 ranking proposals under this subsection,
24 the Secretary shall provide substantial

1 weight to the priorities described in clause
2 (i).

3 “(E) AMOUNT OF GRANT.—

4 “(i) IN GENERAL.—The total amount
5 provided to a grant recipient under this
6 subsection shall not exceed \$500,000.

7 “(ii) MAJORITY-CONTROLLED, PRO-
8 DUCER-BASED BUSINESS VENTURES.—The
9 total amount of all grants provided to ma-
10 jority-controlled, producer-based business
11 ventures under this subsection for a fiscal
12 year shall not exceed 10 percent of the
13 amount of funds used to make all grants
14 for the fiscal year under this subsection.

15 “(F) TERM.—The term of a grant under
16 this paragraph shall not exceed 3 years.

17 “(G) SIMPLIFIED APPLICATION.—The Sec-
18 retary shall offer a simplified application form
19 and process for project proposals requesting
20 less than \$50,000 under this subsection.

21 “(3) FUNDING.—

22 “(A) AUTHORIZATION OF APPROPRIA-
23 TIONS.—There is authorized to be appropriated
24 to carry out this subsection \$40,000,000 for
25 each of fiscal years 2013 through 2017.

1 “(B) RESERVATION OF FUNDS FOR
2 PROJECTS TO BENEFIT BEGINNING FARMERS,
3 SOCIALLY DISADVANTAGED FARMERS, AND MID-
4 TIER VALUE CHAINS.—

5 “(i) IN GENERAL.—The Secretary
6 shall reserve 10 percent of the amounts
7 made available for each fiscal year under
8 this subsection to fund projects that ben-
9 efit beginning farmers or socially disadvan-
10 tagged farmers.

11 “(ii) MID-TIER VALUE CHAINS.—The
12 Secretary shall reserve 10 percent of the
13 amounts made available for each fiscal
14 year under this subsection to fund applica-
15 tions of eligible entities described in para-
16 graph (2) that propose to develop mid-tier
17 value chains.

18 “(iii) UNOBLIGATED AMOUNTS.—Any
19 amounts in the reserves for a fiscal year
20 established under clauses (i) and (ii) that
21 are not obligated by June 30 of the fiscal
22 year shall be available to the Secretary to
23 make grants under this subsection to eligi-
24 ble entities in any State, as determined by
25 the Secretary.

1 “(C) MANDATORY FUNDING.—Of the
2 funds of the Commodity Credit Corporation, the
3 Secretary shall use to carry out this subsection
4 \$12,500,000 for each of fiscal years 2014
5 through 2017, to remain available until ex-
6 pended.

7 “(c) RURAL COOPERATIVE DEVELOPMENT
8 GRANTS.—

9 “(1) DEFINITIONS.—In this subsection:

10 “(A) NONPROFIT INSTITUTION.—The term
11 ‘nonprofit institution’ means any organization
12 or institution, including an accredited institu-
13 tion of higher education, no part of the net
14 earnings of which inures, or may lawfully inure,
15 to the benefit of any private shareholder or in-
16 dividual.

17 “(B) UNITED STATES.—The term ‘United
18 States’ means—

19 “(i) the several States; and

20 “(ii) the District of Columbia.

21 “(2) GRANTS.—The Secretary shall make
22 grants under this subsection to nonprofit institutions
23 for the purpose of enabling the nonprofit institutions
24 to establish and operate centers for rural cooperative
25 development.

1 “(3) GOALS.—The goals of a center funded
2 under this subsection shall be to facilitate the cre-
3 ation of jobs in rural areas through the development
4 of new rural cooperatives, value -added processing,
5 and rural businesses.

6 “(4) APPLICATION.—

7 “(A) IN GENERAL.—Any nonprofit institu-
8 tion seeking a grant under paragraph (2) shall
9 submit to the Secretary an application con-
10 taining a plan for the establishment and oper-
11 ation by the institution of 1 or more centers for
12 cooperative development.

13 “(B) REQUIREMENTS.—The Secretary
14 may approve an application if the plan contains
15 the following:

16 “(i) A provision that substantiates
17 that the center will effectively serve rural
18 areas in the United States.

19 “(ii) A provision that the primary ob-
20 jective of the center will be to improve the
21 economic condition of rural areas through
22 cooperative development.

23 “(iii) A description of the activities
24 that the center will carry out to accomplish

1 the objective, which may include pro-
2 grams—

3 “(I) for applied research and fea-
4 sibility studies that may be useful to
5 individuals, cooperatives, small busi-
6 nesses, and other similar entities in
7 rural areas served by the center;

8 “(II) for the collection, interpre-
9 tation, and dissemination of informa-
10 tion that may be useful to individuals,
11 cooperatives, small businesses, and
12 other similar entities in rural areas
13 served by the center;

14 “(III) providing training and in-
15 struction for individuals, cooperatives,
16 small businesses, and other similar
17 entities in rural areas served by the
18 center;

19 “(IV) providing loans and grants
20 to individuals, cooperatives, small
21 businesses, and other similar entities
22 in rural areas served by the center;

23 “(V) providing technical assist-
24 ance, research services, and advisory
25 services to individuals, cooperatives,

1 small businesses, and other similar
2 entities in rural areas served by the
3 center; and

4 “(VI) providing for the coordina-
5 tion of services and sharing of infor-
6 mation by the center.

7 “(iv) A description of the contribu-
8 tions that the activities are likely to make
9 to the improvement of the economic condi-
10 tions of the rural areas for which the cen-
11 ter will provide services.

12 “(v) Provisions that the center, in car-
13 rying out the activities, will seek, if appro-
14 priate, the advice, participation, expertise,
15 and assistance of representatives of busi-
16 ness, industry, educational institutions, the
17 Federal Government, and State and local
18 governments.

19 “(vi) Provisions that the center will
20 take all practicable steps to develop con-
21 tinuing sources of financial support for the
22 center, particularly from sources in the pri-
23 vate sector.

24 “(vii) Provisions for—

1 “(I) monitoring and evaluating
2 the activities by the nonprofit institu-
3 tion operating the center; and

4 “(II) accounting for funds re-
5 ceived by the institution under this
6 section.

7 “(5) AWARDING GRANTS.—

8 “(A) IN GENERAL.—Grants made under
9 paragraph (2) shall be made on a competitive
10 basis.

11 “(B) PREFERENCE.—In making grants
12 under paragraph (2), the Secretary shall give
13 preference to grant applications providing for
14 the establishment of centers for rural coopera-
15 tive development that—

16 “(i) demonstrate a proven track
17 record in carrying out activities to promote
18 and assist the development of cooperatively
19 and mutually owned businesses;

20 “(ii) demonstrate previous expertise in
21 providing technical assistance in rural
22 areas to promote and assist the develop-
23 ment of cooperatively and mutually owned
24 businesses;

1 “(iii) demonstrate the ability to assist
2 in the retention of businesses, facilitate the
3 establishment of cooperatives and new co-
4 operative approaches, and generate em-
5 ployment opportunities that will improve
6 the economic conditions of rural areas;

7 “(iv) commit to providing technical
8 assistance and other services to under-
9 served and economically distressed areas in
10 rural areas of the United States;

11 “(v) demonstrate a commitment to—

12 “(I) networking with and sharing
13 the results of the efforts of the center
14 with other cooperative development
15 centers and other organizations in-
16 volved in rural economic development
17 efforts; and

18 “(II) developing multiorganiza-
19 tion and multistate approaches to ad-
20 dressing the economic development
21 and cooperative needs of rural areas;
22 and

23 “(vi) commit to providing a 25 per-
24 cent matching contribution with private
25 funds and in-kind contributions, except

1 that the Secretary shall not require non-
2 Federal financial support in an amount
3 that is greater than 5 percent in the case
4 of a 1994 institution (as defined in section
5 532 of the Equity in Educational Land-
6 Grant Status Act of 1994 (7 U.S.C. 301
7 note; Public Law 103–382)).

8 “(6) GRANT PERIOD.—

9 “(A) IN GENERAL.—A grant awarded to a
10 center that has received no prior funding under
11 this subsection shall be made for a period of 1
12 year.

13 “(B) MULTIYEAR GRANTS.—If the Sec-
14 retary determines it to be in the best interest
15 of the program, the Secretary shall award
16 grants for a period of more than 1 year, but
17 not more than 3 years, to a center that has suc-
18 cessfully met the requirements of paragraph
19 (5)(B), as determined by the Secretary.

20 “(7) AUTHORITY TO EXTEND GRANT PERIOD.—

21 The Secretary may extend for 1 additional 12-month
22 period the period during which a grantee may use a
23 grant made under this subsection.

1 “(8) TECHNICAL ASSISTANCE TO PREVENT EX-
2 CESSIVE UNEMPLOYMENT OR UNDEREMPLOY-
3 MENT.—

4 “(A) IN GENERAL.—In carrying out this
5 subsection, the Secretary may provide technical
6 assistance to alleviate or prevent conditions of
7 excessive unemployment, underemployment,
8 outmigration, or low employment growth in eco-
9 nomically distressed rural areas that the Sec-
10 retary determines have a substantial need for
11 the assistance.

12 “(B) INCLUSIONS.—The assistance may
13 include planning and feasibility studies, man-
14 agement and operational assistance, and studies
15 evaluating the need for the development poten-
16 tial of projects that increase employment and
17 improve economic growth in the areas.

18 “(9) GRANTS TO DEFRAY ADMINISTRATIVE
19 COSTS.—

20 “(A) IN GENERAL.—The Secretary may
21 make grants to defray not to exceed 75 percent
22 of the costs incurred by organizations and pub-
23 lic bodies to carry out projects for which grants
24 or loans are made under this subsection.

1 “(B) COST-SHARING.—For purposes of de-
2 termining the non-Federal share of the costs,
3 the Secretary shall include contributions in cash
4 and in kind, fairly evaluated, including prem-
5 ises, equipment, and services.

6 “(10) COOPERATIVE RESEARCH PROGRAM.—
7 The Secretary shall offer to enter into a cooperative
8 research agreement with 1 or more qualified aca-
9 demic institutions in each fiscal year to conduct re-
10 search on the effects of all types of cooperatives on
11 the national economy.

12 “(11) ADDRESSING NEEDS OF MINORITY COM-
13 MUNITIES.—

14 “(A) IN GENERAL.—If the total amount
15 appropriated under paragraph (13) for a fiscal
16 year exceeds \$7,500,000, the Secretary shall re-
17 serve an amount equal to 20 percent of the
18 total amount appropriated for grants for coop-
19 erative development centers, individual coopera-
20 tives, or groups of cooperatives—

21 “(i) that serve socially disadvantaged
22 groups; and

23 “(ii) a majority of the boards of direc-
24 tors or governing boards of which are com-

1 prised of individuals who are members of
2 socially disadvantaged groups.

3 “(B) INSUFFICIENT APPLICATIONS.—To
4 the extent there are insufficient applications to
5 carry out subparagraph (A), the Secretary shall
6 use the funds as otherwise authorized by this
7 subsection.

8 “(12) INTERAGENCY WORKING GROUP.—Not
9 later than 90 days after the date of enactment of
10 the Agriculture Reform, Food, and Jobs Act of
11 2012, the Secretary shall coordinate and chair an
12 interagency working group to foster cooperative de-
13 velopment and ensure coordination with Federal
14 agencies and national and local cooperative organiza-
15 tions that have cooperative programs and interests.

16 “(13) AUTHORIZATION OF APPROPRIATIONS.—
17 There is authorized to be appropriated to carry out
18 this subsection \$50,000,000 for each of fiscal years
19 2013 through 2017.

20 “(d) APPROPRIATE TECHNOLOGY TRANSFER FOR
21 RURAL AREAS PROGRAM.—

22 “(1) DEFINITION OF NATIONAL NONPROFIT AG-
23 RICULTURAL ASSISTANCE INSTITUTION.—In this
24 subsection, the term ‘national nonprofit agricultural
25 assistance institution’ means an organization that—

1 “(A) is described in section 501(c)(3) of
2 the Internal Revenue Code of 1986 and exempt
3 from taxation under 501(a) of that Code;

4 “(B) has staff and offices in multiple re-
5 gions of the United States;

6 “(C) has experience and expertise in oper-
7 ating national agricultural technical assistance
8 programs;

9 “(D) expands markets for the agricultural
10 commodities produced by producers through the
11 use of practices that enhance the environment,
12 natural resource base, and quality of life; and

13 “(E) improves the economic viability of ag-
14 ricultural operations.

15 “(2) ESTABLISHMENT.—The Secretary shall es-
16 tablish a national appropriate technology transfer
17 for rural areas program to assist agricultural pro-
18 ducers that are seeking information—

19 “(A) to reduce input costs;

20 “(B) to conserve energy resources;

21 “(C) to diversify operations through new
22 energy crops and energy generation facilities;
23 and

24 “(D) to expand markets for agricultural
25 commodities produced by the producers by

1 using practices that enhance the environment,
2 natural resource base, and quality of life.

3 “(3) IMPLEMENTATION.—

4 “(A) IN GENERAL.—The Secretary shall
5 carry out the program under this subsection by
6 making a grant to, or offering to enter into a
7 cooperative agreement with, a national non-
8 profit agricultural assistance institution.

9 “(B) GRANT AMOUNT.—A grant made, or
10 cooperative agreement entered into, under sub-
11 paragraph (A) shall provide 100 percent of the
12 cost of providing information described in para-
13 graph (2).

14 “(4) AUTHORIZATION OF APPROPRIATIONS.—
15 There is authorized to be appropriated to carry out
16 this subsection \$5,000,000 for each of fiscal years
17 2013 through 2017.

18 “(e) BUSINESS AND INDUSTRY DIRECT AND GUAR-
19 ANTEED LOANS.—

20 “(1) DEFINITION OF BUSINESS AND INDUSTRY
21 LOAN.—In this section, the term ‘business and in-
22 dustry loan’ means a direct loan that is made, or a
23 loan that is guaranteed, by the Secretary under this
24 subsection.

1 “(2) LOAN PURPOSES.—The Secretary may
2 make business and industry loans to public, private,
3 or cooperative organizations organized for profit or
4 nonprofit, private investment funds that invest pri-
5 marily in cooperative organizations, or to individ-
6 uals—

7 “(A) to improve, develop, or finance busi-
8 ness, industry, and employment and improve
9 the economic and environmental climate in
10 rural communities, including pollution abate-
11 ment and control;

12 “(B) to conserve, develop, and use water
13 for aquaculture purposes in rural areas; and

14 “(C) to reduce the reliance on nonrenew-
15 able energy resources by encouraging the devel-
16 opment and construction of renewable energy
17 systems (including solar energy systems, wind
18 energy systems, and anaerobic digestors for the
19 purpose of energy generation), including the
20 modification of existing systems, in rural areas.

21 “(3) LOAN GUARANTEES FOR CERTAIN
22 LOANS.—The Secretary may guarantee loans made
23 under this subsection to finance the issuance of
24 bonds for the projects described in paragraph (2).

25 “(4) MAXIMUM AMOUNT OF PRINCIPAL.—

1 “(A) IN GENERAL.—Except as otherwise
2 provided in this paragraph, no loan may be
3 made or guaranteed under this subsection that
4 exceeds \$25,000,000 in principal amount.

5 “(B) LIMITATIONS ON LOAN GUARANTEES
6 FOR COOPERATIVE ORGANIZATIONS.—

7 “(i) PRINCIPAL AMOUNT.—Subject to
8 clause (ii), the principal amount of a busi-
9 ness and industry loan made to a coopera-
10 tive organization and guaranteed under
11 this subsection shall not exceed
12 \$40,000,000.

13 “(ii) USE.—To be eligible for a guar-
14 antee under this subsection for a business
15 and industry loan made to a cooperative
16 organization, the principal amount of the
17 loan in excess of \$25,000,000 shall be used
18 to carry out a project that is in a rural
19 area and—

20 “(I) provides for the value-added
21 processing of agricultural commod-
22 ities; or

23 “(II) significantly benefits 1 or
24 more entities eligible for assistance for

1 the purposes described in paragraph
2 (2), as determined by the Secretary.

3 “(iii) APPLICATIONS.—If a coopera-
4 tive organization submits an application
5 for a guarantee under this paragraph, the
6 Secretary shall make the determination
7 whether to approve the application, and
8 the Secretary may not delegate this au-
9 thority.

10 “(iv) MAXIMUM AMOUNT.—The total
11 amount of business and industry loans
12 made to cooperative organizations and
13 guaranteed for a fiscal year under this
14 subsection with principal amounts that are
15 in excess of \$25,000,000 may not exceed
16 10 percent of the total amount of business
17 and industry loans guaranteed for the fis-
18 cal year under this subsection.

19 “(5) FEES.—The Secretary may assess a 1-
20 time fee and an annual renewal fee for any guaran-
21 teed business and industry loan in an amount that
22 does not exceed 3 percent of the guaranteed prin-
23 cipal portion of the loan.

24 “(6) INTANGIBLE ASSETS.—In determining
25 whether a cooperative organization is eligible for a

1 guaranteed business and industry loan, the Sec-
2 retary may consider the market value of a properly
3 appraised brand name, patent, or trademark of the
4 cooperative.

5 “(7) LOAN APPRAISALS.—The Secretary may
6 require that any appraisal made in connection with
7 a business and industry loan be conducted by a spe-
8 cialized appraiser that uses standards that are com-
9 parable to standards used for similar purposes in the
10 private sector, as determined by the Secretary.

11 “(8) LOAN GUARANTEES FOR THE PURCHASE
12 OF COOPERATIVE STOCK.—

13 “(A) IN GENERAL.—The Secretary may
14 guarantee a business and industry loan to indi-
15 vidual farmers to purchase capital stock of a
16 farmer cooperative established for the purpose
17 of processing an agricultural commodity.

18 “(B) PROCESSING CONTRACTS DURING INI-
19 TIAL PERIOD.—A cooperative described in sub-
20 paragraph (A) for which a farmer receives a
21 guarantee to purchase stock under that sub-
22 paragraph may contract for services to process
23 agricultural commodities or otherwise process
24 value added for the period beginning on the
25 date of the startup of the cooperative in order

1 to provide adequate time for the planning and
2 construction of the processing facility of the co-
3 operative.

4 “(C) FINANCIAL INFORMATION.—Financial
5 information required by the Secretary from a
6 farmer as a condition of making a business and
7 industry loan guarantee under this paragraph
8 shall be provided in the manner generally re-
9 quired by commercial agricultural lenders in the
10 applicable area.

11 “(9) LOANS TO COOPERATIVES.—

12 “(A) ELIGIBILITY.—

13 “(i) IN GENERAL.—The Secretary
14 may make or guarantee a business and in-
15 dustry loan to a cooperative organization
16 that is headquartered in a metropolitan
17 area if the loan is—

18 “(I) used for a project or venture
19 described in paragraph (2) that is lo-
20 cated in a rural area; or

21 “(II) a loan guarantee that meets
22 the requirements of paragraph (10).

23 “(ii) EQUITY.—The Secretary may
24 guarantee a loan made for the purchase of
25 preferred stock or similar equity issued by

1 a cooperative organization or a fund that
2 invests primarily in cooperative organiza-
3 tions, if the guarantee significantly bene-
4 fits 1 or more entities eligible for assist-
5 ance for the purposes described in para-
6 graph (2)(A), as determined by the Sec-
7 retary.

8 “(B) REFINANCING.—A cooperative orga-
9 nization that is eligible for a business and in-
10 dustry loan shall be eligible to refinance an ex-
11 isting business and industry loan with a lender
12 if—

13 “(i) the cooperative organization—

14 “(I) is current and performing
15 with respect to the existing loan; and

16 “(II)(aa) is not, and has not
17 been, in payment default, with respect
18 to the existing loan; or

19 “(bb) has not converted any of
20 the collateral with respect to the exist-
21 ing loan; and

22 “(ii) there is adequate security or full
23 collateral for the refinanced loan.

24 “(10) LOAN GUARANTEES IN NONRURAL
25 AREAS.—The Secretary may guarantee a business

1 and industry loan to a cooperative organization for
2 a facility that is not located in a rural area if—

3 “(A) the primary purpose of the loan guar-
4 antee is for a facility to provide value-added
5 processing for agricultural producers that are
6 located within 80 miles of the facility;

7 “(B) the applicant demonstrates to the
8 Secretary that the primary benefit of the loan
9 guarantee will be to provide employment for
10 residents of a rural area; and

11 “(C) the total amount of business and in-
12 dustry loans guaranteed for a fiscal year under
13 this paragraph does not exceed 10 percent of
14 the business and industry loans guaranteed for
15 the fiscal year under this subsection.

16 “(11) **LOCALLY OR REGIONALLY PRODUCED AG-**
17 **RICULTURAL FOOD PRODUCTS.—**

18 “(A) **DEFINITIONS.—**In this paragraph:

19 “(i) **LOCALLY OR REGIONALLY PRO-**
20 **DUCED AGRICULTURAL FOOD PRODUCT.—**

21 The term ‘locally or regionally produced
22 agricultural food product’ means any agri-
23 cultural food product that is raised, pro-
24 duced, and distributed in—

1 “(I) the locality or region in
2 which the final product is marketed,
3 so that the total distance that the
4 product is transported is less than
5 400 miles from the origin of the prod-
6 uct; or

7 “(II) the State in which the
8 product is produced.

9 “(ii) UNDERSERVED COMMUNITY.—
10 The term ‘underserved community’ means
11 a community (including an urban or rural
12 community and an Indian tribal commu-
13 nity) that, as determined by the Secretary,
14 has—

15 “(I) limited access to affordable,
16 healthy foods, including fresh fruits
17 and vegetables, in grocery retail stores
18 or farmer-to-consumer direct markets;
19 and

20 “(II) a high rate of hunger or
21 food insecurity or a high poverty rate.

22 “(B) LOAN AND LOAN GUARANTEE PRO-
23 GRAM.—

24 “(i) IN GENERAL.—The Secretary
25 shall make or guarantee loans to individ-

1 uals, cooperatives, cooperative organiza-
2 tions, businesses, and other entities to es-
3 tablish and facilitate enterprises that proc-
4 ess, distribute, aggregate, store, and mar-
5 ket locally or regionally produced agricul-
6 tural food products to support community
7 development and farm income.

8 “(ii) REQUIREMENT.—The recipient
9 of a loan or loan guarantee under this
10 paragraph shall include in an appropriate
11 agreement with retail and institutional fa-
12 cilities to which the recipient sells locally
13 or regionally produced agricultural food
14 products a requirement to inform con-
15 sumers of the retail or institutional facili-
16 ties that the consumers are purchasing or
17 consuming locally or regionally produced
18 agricultural food products.

19 “(iii) PRIORITY.—In making or guar-
20 anteeing a loan under this paragraph, the
21 Secretary shall give priority to projects
22 that have components benefitting under-
23 served communities.

24 “(iv) REPORTS.—Not later than 2
25 years after the date of enactment of the

1 Agriculture Reform, Food, and Jobs Act of
2 2012 and annually thereafter, the Sec-
3 retary shall submit to the Committee on
4 Agriculture of the House of Representa-
5 tives and the Committee on Agriculture,
6 Nutrition, and Forestry of the Senate, and
7 publish on the Internet, a report that de-
8 scribes projects carried out using loans or
9 loan guarantees made under clause (i), in-
10 cluding—

11 “(I) summary information about
12 all projects;

13 “(II) the characteristics of the
14 communities served; and

15 “(III) resulting benefits.

16 “(v) RESERVATION OF FUNDS.—For
17 each of fiscal years 2012 through 2017,
18 the Secretary shall reserve not less than 5
19 percent of the total amount of funds made
20 available to carry out this subsection to
21 carry out this paragraph until April 1 of
22 the fiscal year.

23 “(vi) OUTREACH.—The Secretary
24 shall develop and implement an outreach
25 plan to publicize the availability of loans

1 and loan guarantees under this paragraph,
2 working closely with rural cooperative de-
3 velopment centers, credit unions, commu-
4 nity development financial institutions, re-
5 gional economic development authorities,
6 and other financial and economic develop-
7 ment entities.

8 “(12) AUTHORIZATION OF APPROPRIATIONS.—
9 There is authorized to be appropriated to carry out
10 this subsection \$75,000,000 for each of fiscal years
11 2013 through 2017.

12 “(f) RELENDING PROGRAMS.—

13 “(1) INTERMEDIATE RELENDING PROGRAM.—

14 “(A) IN GENERAL.—The Secretary may
15 make or guarantee loans to eligible entities de-
16 scribed in subparagraph (B) so that the eligible
17 entities may relend the funds to individuals and
18 entities for the purposes described in subpara-
19 graph (C).

20 “(B) ELIGIBLE ENTITIES.—Entities eligi-
21 ble for loans and loan guarantees described in
22 subparagraph (A) are—

23 “(i) public agencies;

24 “(ii) Indian tribes;

25 “(iii) cooperatives; and

1 “(iv) nonprofit corporations.

2 “(C) ELIGIBLE PURPOSES.—The proceeds
3 from loans made or guaranteed by the Sec-
4 retary pursuant to subparagraph (A) may be
5 relented by eligible entities for projects that—

6 “(i) predominately serve communities
7 in rural areas; and

8 “(ii) as determined by the Secretary—

9 “(I) promote community develop-
10 ment;

11 “(II) establish new businesses;

12 “(III) establish and support
13 microlending programs; and

14 “(IV) create or retain employ-
15 ment opportunities.

16 “(D) AUTHORIZATION OF APPROPRIA-
17 TIONS.—There is authorized to be appropriated
18 to carry out this subsection \$50,000,000 for
19 each of fiscal years 2013 through 2017.

20 “(2) RURAL MICROENTREPRENEUR ASSISTANCE
21 PROGRAM.—

22 “(A) DEFINITIONS.—In this paragraph:

23 “(i) MICROENTREPRENEUR.—The
24 term ‘microentrepreneur’ means an owner
25 and operator, or prospective owner and op-

1 erator, of a rural microenterprise who is
2 unable to obtain sufficient training, tech-
3 nical assistance, or credit other than under
4 this subsection, as determined by the Sec-
5 retary.

6 “(ii) MICROENTERPRISE DEVELOP-
7 MENT ORGANIZATION.—The term ‘micro-
8 enterprise development organization’
9 means an organization that is—

10 “(I) a nonprofit entity;

11 “(II) an Indian tribe, the tribal
12 government of which certifies to the
13 Secretary that—

14 “(aa) no microenterprise de-
15 velopment organization serves the
16 Indian tribe; and

17 “(bb) no rural microentre-
18 preneur assistance program ex-
19 ists under the jurisdiction of the
20 Indian tribe;

21 “(III) a public institution of
22 higher education; or

23 “(IV) a collaboration of rural
24 nonprofit entities serving a region or
25 State, if 1 lead nonprofit entity is the

1 sole underwriter of all loans and is re-
2 sponsible for associated risks.

3 “(iii) MICROLOAN.—The term
4 ‘microloan’ means a business loan of not
5 more than \$50,000 that is provided to a
6 rural microenterprise.

7 “(iv) PROGRAM.—The term ‘program’
8 means the rural microentrepreneur assist-
9 ance program established under subpara-
10 graph (B).

11 “(v) RURAL MICROENTERPRISE.—The
12 term ‘rural microenterprise’ means a busi-
13 ness entity with not more than 10 full-time
14 equivalent employees located in a rural
15 area.

16 “(vi) TRAINING.—The term ‘training’
17 means teaching broad business principles
18 or general business skills in a group or
19 public setting.

20 “(vii) TECHNICAL ASSISTANCE.—The
21 term ‘technical assistance’ means working
22 with a business client in a 1-to-1 manner
23 to provide business and financial manage-
24 ment counseling, assist in the preparation
25 of business or marketing plans, or provide

1 other skills tailored to an individual micro-
2 entrepreneur.

3 “(B) RURAL MICROENTREPRENEUR AS-
4 SISTANCE PROGRAM.—

5 “(i) ESTABLISHMENT.—The Secretary
6 shall establish a rural microentrepreneur
7 assistance program to provide loans and
8 grants to support microentrepreneurs in
9 the development and ongoing success of
10 rural microenterprises.

11 “(ii) PURPOSE.—The purpose of the
12 program is to provide microentrepreneurs
13 with—

14 “(I) the skills necessary to estab-
15 lish new rural microenterprises; and

16 “(II) continuing technical and fi-
17 nancial assistance related to the suc-
18 cessful operation of rural microenter-
19 prises.

20 “(iii) LOANS.—

21 “(I) IN GENERAL.—The Sec-
22 retary shall make loans to microenter-
23 prise development organizations for
24 the purpose of providing fixed-interest
25 rate microloans to microentrepreneurs

1 for startup and growing rural micro-
2 enterprises.

3 “(II) LOAN TERMS.—A loan
4 made by the Secretary to a micro-
5 enterprise development organization
6 under this subparagraph shall—

7 “(aa) be for a term not to
8 exceed 20 years; and

9 “(bb) bear an annual inter-
10 est rate of at least 1 percent.

11 “(III) LOAN LOSS RESERVE
12 FUND.—The Secretary shall require
13 each microenterprise development or-
14 ganization that receives a loan under
15 this subparagraph to—

16 “(aa) establish a loan loss
17 reserve fund; and

18 “(bb) maintain the reserve
19 fund in an amount equal to at
20 least 5 percent of the outstanding
21 balance of such loans owed by
22 the microenterprise development
23 organization, until all obligations
24 owed to the Secretary under this
25 subparagraph are repaid.

1 “(IV) DEFERRAL OF INTEREST
2 AND PRINCIPAL.—The Secretary may
3 permit the deferral of payments on
4 principal and interest due on a loan to
5 a microenterprise development organi-
6 zation made under this paragraph for
7 a 2-year period beginning on the date
8 on which the loan is made.

9 “(iv) GRANTS TO SUPPORT RURAL
10 MICROENTERPRISE DEVELOPMENT.—

11 “(I) IN GENERAL.—The Sec-
12 retary shall make grants to micro-
13 enterprise development organiza-
14 tions—

15 “(aa) to provide training
16 and technical assistance, and
17 other related services to rural
18 microentrepreneurs; and

19 “(bb) to carry out such
20 other projects and activities as
21 the Secretary determines appro-
22 priate to further the purposes of
23 the program.

1 “(II) SELECTION.—In making
2 grants under subclause (I), the Sec-
3 retary shall—

4 “(aa) place an emphasis on
5 microenterprise development or-
6 ganizations that serve micro-
7 entrepreneurs that are located in
8 rural areas that have suffered
9 significant outward migration, as
10 determined by the Secretary; and

11 “(bb) ensure, to the max-
12 imum extent practicable, that
13 grant recipients include micro-
14 enterprise development organiza-
15 tions of varying sizes and that
16 serve racially and ethnically di-
17 verse populations.

18 “(v) GRANTS TO ASSIST MICROENTRE-
19 PRENEURS.—

20 “(I) IN GENERAL.—The Sec-
21 retary shall make annual grants to
22 microenterprise development organiza-
23 tions to provide technical assistance to
24 microentrepreneurs that—

1 “(aa) received a loan from
2 the microenterprise development
3 organization under subparagraph
4 (B)(iii); or

5 “(bb) are seeking a loan
6 from the microenterprise develop-
7 ment organization under sub-
8 paragraph (B)(iii).

9 “(II) MAXIMUM AMOUNT OF
10 TECHNICAL ASSISTANCE GRANT.—The
11 maximum amount of a grant under
12 this clause shall be in an amount
13 equal to not more than 25 percent of
14 the total outstanding balance of
15 microloans made by the microenter-
16 prise development organization under
17 clause (iii), as of the date the grant is
18 awarded.

19 “(vi) ADMINISTRATIVE EXPENSES.—
20 Not more than 10 percent of a grant re-
21 ceived by a microenterprise development
22 organization for a fiscal year under this
23 subparagraph may be used to pay adminis-
24 trative expenses.

25 “(C) ADMINISTRATION.—

1 “(i) MATCHING REQUIREMENT.—As a
2 condition of any grant made under clauses
3 (iv) and (v) of subparagraph (B), the Sec-
4 retary shall require the microenterprise de-
5 velopment organization to match not less
6 than 15 percent of the total amount of the
7 grant in the form of matching funds (in-
8 cluding community development block
9 grants), indirect costs, or in-kind goods or
10 services.

11 “(ii) OVERSIGHT.—At a minimum,
12 not later than December 1 of each fiscal
13 year, a microenterprise development orga-
14 nization that receives a loan or grant
15 under this section shall provide to the Sec-
16 retary such information as the Secretary
17 may require to ensure that assistance pro-
18 vided under this section is used for the
19 purposes for which the loan or grant was
20 made.

21 “(D) AUTHORIZATION OF APPROPRIA-
22 TIONS.—There is authorized to be appropriated
23 to carry out this paragraph \$40,000,000 for
24 each of fiscal years 2013 through 2017.

1 “(E) MANDATORY FUNDING FOR FISCAL
2 YEARS 2013 THROUGH 2017.—Of the funds of
3 the Commodity Credit Corporation, the Sec-
4 retary shall use to carry out this paragraph
5 \$3,750,000 for each of fiscal years 2014
6 through 2017, to remain available until ex-
7 pended.

8 **“SEC. 3602. RURAL BUSINESS INVESTMENT PROGRAM.**

9 “(a) DEFINITIONS.—In this section:

10 “(1) ARTICLES.—The term ‘articles’ means ar-
11 ticles of incorporation for an incorporated body or
12 the functional equivalent or other similar documents
13 specified by the Secretary for other business entities.

14 “(2) DEVELOPMENTAL VENTURE CAPITAL.—
15 The term ‘developmental venture capital’ means cap-
16 ital in the form of equity capital investments in rural
17 business investment companies with an objective of
18 fostering economic development in rural areas.

19 “(3) EMPLOYEE WELFARE BENEFIT PLAN;
20 PENSION PLAN.—

21 “(A) IN GENERAL.—The terms ‘employee
22 welfare benefit plan’ and ‘pension plan’ have
23 the meanings given the terms in section 3 of
24 the Employee Retirement Income Security Act
25 of 1974 (29 U.S.C. 1002).

1 “(B) INCLUSIONS.—The terms ‘employee
2 welfare benefit plan’ and ‘pension plan’ in-
3 clude—

4 “(i) public and private pension or re-
5 tirement plans subject to this subtitle; and

6 “(ii) similar plans not covered by this
7 subtitle that have been established, and
8 that are maintained, by the Federal Gov-
9 ernment or any State (including by a polit-
10 ical subdivision, agency, or instrumentality
11 of the Federal Government or a State) for
12 the benefit of employees.

13 “(4) EQUITY CAPITAL.—The term ‘equity cap-
14 ital’ means common or preferred stock or a similar
15 instrument, including subordinated debt with equity
16 features.

17 “(5) LEVERAGE.—The term ‘leverage’ in-
18 cludes—

19 “(A) debentures purchased or guaranteed
20 by the Secretary;

21 “(B) participating securities purchased or
22 guaranteed by the Secretary; and

23 “(C) preferred securities outstanding as of
24 the date of enactment of the Agriculture Re-
25 form, Food, and Jobs Act of 2012.

1 “(6) LICENSE.—The term ‘license’ means a li-
2 cense issued by the Secretary in accordance with in
3 subsection (d)(5).

4 “(7) LIMITED LIABILITY COMPANY.—The term
5 ‘limited liability company’ means a business entity
6 that is organized and operating in accordance with
7 a State limited liability company law approved by
8 the Secretary.

9 “(8) MEMBER.—The term ‘member’ means,
10 with respect to a rural business investment company
11 that is a limited liability company, a holder of an
12 ownership interest, or a person otherwise admitted
13 to membership in the limited liability company.

14 “(9) OPERATIONAL ASSISTANCE.—The term
15 ‘operational assistance’ means management, mar-
16 keting, and other technical assistance that assists a
17 rural business concern with business development.

18 “(10) PARTICIPATION AGREEMENT.—The term
19 ‘participation agreement’ means an agreement, be-
20 tween the Secretary and a rural business investment
21 company granted final approval under subsection
22 (d)(5), that requires the rural business investment
23 company to make investments in smaller enterprises
24 in rural areas.

25 “(11) PRIVATE CAPITAL.—

1 “(A) IN GENERAL.—The term ‘private cap-
2 ital’ means the total of—

3 “(i)(I) the paid-in capital and paid-in
4 surplus of a corporate rural business in-
5 vestment company;

6 “(II) the contributed capital of the
7 partners of a partnership rural business in-
8 vestment company; or

9 “(III) the equity investment of the
10 members of a limited liability company
11 rural business investment company; and

12 “(ii) unfunded binding commitments
13 from investors that meet criteria estab-
14 lished by the Secretary to contribute cap-
15 ital to the rural business investment com-
16 pany, except that—

17 “(I) unfunded commitments may
18 be counted as private capital for pur-
19 poses of approval by the Secretary of
20 any request for leverage; but

21 “(II) leverage shall not be funded
22 based on the commitments.

23 “(B) EXCLUSIONS.—The term ‘private
24 capital’ does not include—

1 “(i) any funds borrowed by a rural
2 business investment company from any
3 source;

4 “(ii) any funds obtained through the
5 issuance of leverage; or

6 “(iii) any funds obtained directly or
7 indirectly from the Federal Government or
8 any State (including by a political subdivi-
9 sion, agency, or instrumentality of the
10 Federal Government or a State), except
11 for—

12 “(I) funds obtained from the
13 business revenues (excluding any gov-
14 ernmental appropriation) of any Fed-
15 erally chartered or government-spon-
16 sored enterprise established prior to
17 the date of enactment of the Agri-
18 culture Reform, Food, and Jobs Act
19 of 2012;

20 “(II) funds invested by an em-
21 ployee welfare benefit plan or pension
22 plan; and

23 “(III) any qualified nonprivate
24 funds (if the investors of the qualified
25 nonprivate funds do not control, di-

1 rectly or indirectly, the management,
2 board of directors, general partners,
3 or members of the rural business in-
4 vestment company).

5 “(12) QUALIFIED NONPRIVATE FUNDS.—The
6 term ‘qualified nonprivate funds’ means any—

7 “(A) funds directly or indirectly invested in
8 any applicant or rural business investment com-
9 pany on or before the date of enactment of the
10 Agriculture Reform, Food, and Jobs Act of
11 2012 by any Federal agency, other than the
12 Department, under a provision of law explicitly
13 mandating the inclusion of those funds in the
14 definition of the term ‘private capital’; and

15 “(B) funds invested in any applicant or
16 rural business investment company by 1 or
17 more entities of any State (including by a polit-
18 ical subdivision, agency, or instrumentality of
19 the State and including any guarantee extended
20 by those entities) in an aggregate amount that
21 does not exceed 33 percent of the private cap-
22 ital of the applicant or rural business invest-
23 ment company.

24 “(13) RURAL BUSINESS CONCERN.—The term
25 ‘rural business concern’ means—

1 “(A) a public, private, or cooperative for-
2 profit or nonprofit organization;

3 “(B) a for-profit or nonprofit business con-
4 trolled by an Indian tribe; or

5 “(C) any other person or entity that pri-
6 marily operates in a rural area, as determined
7 by the Secretary.

8 “(14) RURAL BUSINESS INVESTMENT COM-
9 PANY.—The term ‘rural business investment com-
10 pany’ means a company that—

11 “(A) has been granted final approval by
12 the Secretary under subsection (d)(5); and

13 “(B) has entered into a participation
14 agreement with the Secretary.

15 “(15) SMALLER ENTERPRISE.—

16 “(A) IN GENERAL.—The term ‘smaller en-
17 terprise’ means any rural business concern that,
18 together with its affiliates—

19 “(i) has—

20 “(I) a net financial worth of not
21 more than \$6,000,000, as of the date
22 on which assistance is provided under
23 this section to the rural business con-
24 cern; and

1 “(II) except as provided in sub-
2 paragraph (B), an average net income
3 for the 2-year period preceding the
4 date on which assistance is provided
5 under this section to the rural busi-
6 ness concern, of not more than
7 \$2,000,000, after Federal income
8 taxes (excluding any carryover losses);
9 or

10 “(ii) satisfies the standard industrial
11 classification size standards established by
12 the Administrator of the Small Business
13 Administration for the industry in which
14 the rural business concern is primarily en-
15 gaged.

16 “(B) EXCEPTION.—For purposes of sub-
17 paragraph (A)(i)(II), if the rural business con-
18 cern is not required by law to pay Federal in-
19 come taxes at the enterprise level, but is re-
20 quired to pass income through to the share-
21 holders, partners, beneficiaries, or other equi-
22 table owners of the business concern, the net in-
23 come of the business concern shall be deter-
24 mined by allowing a deduction in an amount
25 equal to the total of—

1 “(i) if the rural business concern is
2 not required by law to pay State (and
3 local, if any) income taxes at the enterprise
4 level, the product obtained by multi-
5 plying—

6 “(I) the net income (determined
7 without regard to this subparagraph);
8 by

9 “(II) the marginal State income
10 tax rate (or by the combined State
11 and local income tax rates, as applica-
12 ble) that would have applied if the
13 business concern were a corporation;
14 and

15 “(ii) the product obtained by multi-
16 plying—

17 “(I) the net income (so deter-
18 mined) less any deduction for State
19 (and local) income taxes calculated
20 under clause (i); by

21 “(II) the marginal Federal in-
22 come tax rate that would have applied
23 if the rural business concern were a
24 corporation.

1 “(b) PURPOSES.—The purposes of the Rural Busi-
2 ness Investment Program established under this section
3 are—

4 “(1) to promote economic development and the
5 creation of wealth and job opportunities in rural
6 areas and among individuals living in those areas by
7 encouraging developmental venture capital invest-
8 ments in smaller enterprises primarily located in
9 rural areas; and

10 “(2) to establish a developmental venture cap-
11 ital program, with the mission of addressing the
12 unmet equity investment needs of small enterprises
13 located in rural areas, by authorizing the Sec-
14 retary—

15 “(A) to enter into participation agreements
16 with rural business investment companies;

17 “(B) to guarantee debentures of rural
18 business investment companies to enable each
19 rural business investment company to make de-
20 velopmental venture capital investments in
21 smaller enterprises in rural areas; and

22 “(C) to make grants to rural business in-
23 vestment companies, and to other entities, for
24 the purpose of providing operational assistance
25 to smaller enterprises financed, or expected to

1 be financed, by rural business investment com-
2 panies.

3 “(c) ESTABLISHMENT.—In accordance with this sub-
4 title, the Secretary shall establish a Rural Business Invest-
5 ment Program, under which the Secretary may—

6 “(1) enter into participation agreements with
7 companies granted final approval under subsection
8 (d)(5) for the purposes described in subsection (b);

9 “(2) guarantee the debentures issued by rural
10 business investment companies as provided in sub-
11 section (e); and

12 “(3) make grants to rural business investment
13 companies, and to other entities, under subsection
14 (h).

15 “(d) SELECTION OF RURAL BUSINESS INVESTMENT
16 COMPANIES.—

17 “(1) ELIGIBILITY.—A company shall be eligible
18 to apply to participate, as a rural business invest-
19 ment company, in the program established under
20 this section if—

21 “(A) the company is a newly formed for-
22 profit entity or a newly formed for-profit sub-
23 sidiary of such an entity;

24 “(B) the company has a management team
25 with experience in community development fi-

1 nancing or relevant venture capital financing;
2 and

3 “(C) the company will invest in enterprises
4 that will create wealth and job opportunities in
5 rural areas, with an emphasis on smaller enter-
6 prises.

7 “(2) APPLICATION.—To participate, as a rural
8 business investment company, in the program estab-
9 lished under this section, a company meeting the eli-
10 gibility requirements of paragraph (1) shall submit
11 an application to the Secretary that includes—

12 “(A) a business plan describing how the
13 company intends to make successful develop-
14 mental venture capital investments in identified
15 rural areas;

16 “(B) information regarding the community
17 development finance or relevant venture capital
18 qualifications and general reputation of the
19 management of the company;

20 “(C) a description of how the company in-
21 tends to work with community-based organiza-
22 tions and local entities (including local economic
23 development companies, local lenders, and local
24 investors) and to seek to address the unmet eq-
25 uity capital needs of the communities served;

1 “(D) a proposal describing how the com-
2 pany intends to use the grant funds provided
3 under this section to provide operational assist-
4 ance to smaller enterprises financed by the
5 company, including information regarding
6 whether the company intends to use licensed
7 professionals, as necessary, on the staff of the
8 company or from an outside entity;

9 “(E) with respect to binding commitments
10 to be made to the company under this section,
11 an estimate of the ratio of cash to in-kind con-
12 tributions;

13 “(F) a description of the criteria to be
14 used to evaluate whether and to what extent the
15 company meets the purposes of the program es-
16 tablished under this section;

17 “(G) information regarding the manage-
18 ment and financial strength of any parent firm,
19 affiliated firm, or any other firm essential to
20 the success of the business plan of the com-
21 pany; and

22 “(H) such other information as the Sec-
23 retary may require.

24 “(3) STATUS.—Not later than 90 days after the
25 initial receipt by the Secretary of an application

1 under this subsection, the Secretary shall provide to
2 the applicant a written report describing the status
3 of the application and any requirements remaining
4 for completion of the application.

5 “(4) MATTERS CONSIDERED.—In reviewing and
6 processing any application under this subsection, the
7 Secretary shall—

8 “(A) determine whether—

9 “(i) the applicant meets the require-
10 ments of paragraph (5); and

11 “(ii) the management of the applicant
12 is qualified and has the knowledge, experi-
13 ence, and capability necessary to comply
14 with this section;

15 “(B) take into consideration—

16 “(i) the need for and availability of fi-
17 nancing for rural business concerns in the
18 geographic area in which the applicant is
19 to commence business;

20 “(ii) the general business reputation
21 of the owners and management of the ap-
22 plicant; and

23 “(iii) the probability of successful op-
24 erations of the applicant, including ade-

1 quate profitability and financial soundness;
2 and

3 “(C) not take into consideration any pro-
4 jected shortage or unavailability of grant funds
5 or leverage.

6 “(5) APPROVAL; LICENSE.—

7 “(A) IN GENERAL.—Except as provided in
8 subparagraph (B), the Secretary may approve
9 an applicant to operate as a rural business in-
10 vestment company under this subtitle and li-
11 cense the applicant as a rural business invest-
12 ment company, if—

13 “(i) the Secretary determines that the
14 application satisfies the requirements of
15 paragraph (2);

16 “(ii) the area in which the rural busi-
17 ness investment company is to conduct its
18 operations, and establishment of branch of-
19 fices or agencies (if authorized by the arti-
20 cles), are approved by the Secretary; and

21 “(iii) the applicant enters into a par-
22 ticipation agreement with the Secretary.

23 “(B) CAPITAL REQUIREMENTS.—

24 “(i) IN GENERAL.—Notwithstanding
25 any other provision of this section, the Sec-

1 retary may approve an applicant to operate
2 as a rural business investment company
3 under this section and designate the appli-
4 cant as a rural business investment com-
5 pany, if the Secretary determines that the
6 applicant—

7 “(I) has private capital as deter-
8 mined by the Secretary;

9 “(II) would otherwise be ap-
10 proved under this section, except that
11 the applicant does not satisfy the re-
12 quirements of subsection (i)(3); and

13 “(III) has a viable business plan
14 that—

15 “(aa) reasonably projects
16 profitable operations; and

17 “(bb) has a reasonable time-
18 table for achieving a level of pri-
19 vate capital that satisfies the re-
20 quirements of subsection (i)(3).

21 “(ii) LEVERAGE.—An applicant ap-
22 proved under clause (i) shall not be eligible
23 to receive leverage under this section until
24 the applicant satisfies the requirements of
25 section 3602(i)(3).

1 “(iii) GRANTS.—An applicant ap-
2 proved under clause (i) shall be eligible for
3 grants under subsection (h) in proportion
4 to the private capital of the applicant, as
5 determined by the Secretary.

6 “(e) DEBENTURES.—

7 “(1) IN GENERAL.—The Secretary may guar-
8 antee the timely payment of principal and interest,
9 as scheduled, on debentures issued by any rural
10 business investment company.

11 “(2) TERMS AND CONDITIONS.—The Secretary
12 may make guarantees under this subsection on such
13 terms and conditions as the Secretary considers ap-
14 propriate, except that the term of any debenture
15 guaranteed under this section shall not exceed 15
16 years.

17 “(3) FULL FAITH AND CREDIT OF THE UNITED
18 STATES.—Section 3901 shall apply to any guarantee
19 under this subsection.

20 “(4) MAXIMUM GUARANTEE.—Under this sub-
21 section, the Secretary may—

22 “(A) guarantee the debentures issued by a
23 rural business investment company only to the
24 extent that the total face amount of out-
25 standing guaranteed debentures of the rural

1 business investment company does not exceed
2 the lesser of—

3 “(i) 300 percent of the private capital
4 of the rural business investment company;

5 or

6 “(ii) \$105,000,000; and

7 “(B) provide for the use of discounted de-
8 bentures.

9 “(f) ISSUANCE AND GUARANTEE OF TRUST CERTIFI-
10 CATES.—

11 “(1) ISSUANCE.—The Secretary may issue trust
12 certificates representing ownership of all or a frac-
13 tional part of debentures issued by a rural business
14 investment company and guaranteed by the Sec-
15 retary under this section, if the certificates are
16 based on and backed by a trust or pool approved by
17 the Secretary and composed solely of guaranteed de-
18 bentures.

19 “(2) GUARANTEE.—

20 “(A) IN GENERAL.—The Secretary may,
21 under such terms and conditions as the Sec-
22 retary considers appropriate, guarantee the
23 timely payment of the principal of and interest
24 on trust certificates issued by the Secretary or

1 agents of the Secretary for purposes of this
2 subsection.

3 “(B) LIMITATION.—Each guarantee under
4 this paragraph shall be limited to the extent of
5 principal and interest on the guaranteed debentures that compose the trust or pool.

7 “(C) PREPAYMENT OR DEFAULT.—

8 “(i) IN GENERAL.—

9 “(I) AUTHORITY TO PREPAY.—A
10 debenture may be prepaid at any time
11 without penalty.

12 “(II) REDUCTION OF GUARANTEE.—Subject to subclause (I), if a
13 debenture in a trust or pool is prepaid, or in the event of default of such
14 a debenture, the guarantee of timely
15 payment of principal and interest on
16 the trust certificates shall be reduced
17 in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

18 “(ii) INTEREST.—Interest on prepaid
19 or defaulted debentures shall accrue and be
20 guaranteed by the Secretary only through
21 the date of payment of the guarantee.

1 “(iii) REDEMPTION.—At any time
2 during the term of a trust certificate, the
3 trust certificate may be called for redemp-
4 tion due to prepayment or default of all
5 debentures.

6 “(3) FULL FAITH AND CREDIT OF THE UNITED
7 STATES.—Section 3901 shall apply to any guarantee
8 of a trust certificate issued by the Secretary under
9 this section.

10 “(4) SUBROGATION AND OWNERSHIP RIGHTS.—

11 “(A) SUBROGATION.—If the Secretary
12 pays a claim under a guarantee issued under
13 this section, the claim shall be subrogated fully
14 to the rights satisfied by the payment.

15 “(B) OWNERSHIP RIGHTS.—No Federal,
16 State, or local law shall preclude or limit the ex-
17 ercise by the Secretary of the ownership rights
18 of the Secretary in a debenture residing in a
19 trust or pool against which 1 or more trust cer-
20 tificates are issued under this subsection.

21 “(5) MANAGEMENT AND ADMINISTRATION.—

22 “(A) REGISTRATION.—The Secretary shall
23 provide for a central registration of all trust
24 certificates issued under this subsection.

1 “(B) CREATION OF POOLS.—The Secretary
2 may—

3 “(i) maintain such commercial bank
4 accounts or investments in obligations of
5 the United States as may be necessary to
6 facilitate the creation of trusts or pools
7 backed by debentures guaranteed under
8 this subtitle; and

9 “(ii) issue trust certificates to facili-
10 tate the creation of those trusts or pools.

11 “(C) FIDELITY BOND OR INSURANCE RE-
12 QUIREMENT.—Any agent performing functions
13 on behalf of the Secretary under this paragraph
14 shall provide a fidelity bond or insurance in
15 such amount as the Secretary considers to be
16 necessary to fully protect the interests of the
17 United States.

18 “(D) REGULATION OF BROKERS AND
19 DEALERS.—The Secretary may regulate brokers
20 and dealers in trust certificates issued under
21 this subsection.

22 “(E) ELECTRONIC REGISTRATION.—Noth-
23 ing in this paragraph prohibits the use of a
24 book-entry or other electronic form of registra-

1 tion for trust certificates issued under this sub-
2 section.

3 “(g) FEES.—

4 “(1) IN GENERAL.—The Secretary may charge
5 a fee that does not exceed \$500 with respect to any
6 guarantee or grant issued under this section.

7 “(2) TRUST CERTIFICATE.—Notwithstanding
8 paragraph (1), the Secretary shall not collect a fee
9 for any guarantee of a trust certificate under sub-
10 section (f), except that any agent of the Secretary
11 may collect a fee that does not exceed \$500 for the
12 functions described in subsection (f)(5)(B).

13 “(3) LICENSE.—

14 “(A) IN GENERAL.—Except as provided in
15 subparagraph (C), the Secretary may prescribe
16 fees to be paid by each applicant for a license
17 to operate as a rural business investment com-
18 pany under this section.

19 “(B) USE OF AMOUNTS.—Fees collected
20 under this paragraph—

21 “(i) shall be deposited in the account
22 for salaries and expenses of the Secretary;

23 “(ii) are authorized to be appropriated
24 solely to cover the costs of licensing exami-
25 nations; and

1 “(iii) shall—

2 “(I) in the case of a license
3 issued before the date of enactment of
4 the Agriculture Reform, Food, and
5 Jobs Act of 2012, not exceed \$500 for
6 any fee collected under this para-
7 graph; and

8 “(II) in the case of a license
9 issued after the date of enactment of
10 the Agriculture Reform, Food, and
11 Jobs Act of 2012, be a rate as deter-
12 mined by the Secretary.

13 “(C) PROHIBITION ON COLLECTION OF
14 CERTAIN FEES.—In the case of a license de-
15 scribed in subparagraph (A) that was approved
16 before July 1, 2007, the Secretary shall not col-
17 lect any fees due on or after the date of enact-
18 ment of the Agriculture Reform, Food, and
19 Jobs Act of 2012.

20 “(h) OPERATIONAL ASSISTANCE GRANTS.—

21 “(1) IN GENERAL.—In accordance with this
22 subsection, the Secretary may make grants to rural
23 business investment companies and to other entities,
24 as authorized by this section, to provide operational

1 assistance to smaller enterprises financed, or ex-
2 pected to be financed, by the entities.

3 “(2) TERMS.—Grants made under this sub-
4 section shall be made over a multiyear period (not
5 to exceed 10 years) under such terms as the Sec-
6 retary may require.

7 “(3) USE OF FUNDS.—The proceeds of a grant
8 made under this subsection may be used by the rural
9 business investment company receiving the grant
10 only to provide operational assistance in connection
11 with an equity or prospective equity investment in a
12 business located in a rural area.

13 “(4) SUBMISSION OF PLANS.—A rural business
14 investment company shall be eligible for a grant
15 under this subsection only if the rural business in-
16 vestment company submits to the Secretary, in such
17 form and manner as the Secretary may require, a
18 plan for use of the grant.

19 “(5) GRANT AMOUNT.—

20 “(A) RURAL BUSINESS INVESTMENT COM-
21 PANIES.—The amount of a grant made under
22 this subsection to a rural business investment
23 company shall be equal to the lesser of—

1 “(i) 10 percent of the private capital
2 raised by the rural business investment
3 company; or

4 “(ii) \$1,000,000.

5 “(6) OTHER ENTITIES.—The amount of a
6 grant made under this subsection to any entity other
7 than a rural business investment company shall be
8 equal to the resources (in cash or in kind) raised by
9 the entity in accordance with the requirements appli-
10 cable to rural business investment companies under
11 this section.

12 “(i) RURAL BUSINESS INVESTMENT COMPANIES.—

13 “(1) ORGANIZATION.—For purposes of this
14 subsection, a rural business investment company
15 shall—

16 “(A) be an incorporated body, a limited li-
17 ability company, or a limited partnership orga-
18 nized and chartered or otherwise existing under
19 State law solely for the purpose of performing
20 the functions and conducting the activities au-
21 thorized by this section; and

22 “(B)(i) if incorporated, have succession for
23 a period of not less than 30 years unless earlier
24 dissolved by the shareholders of the rural busi-
25 ness investment company; and

1 “(ii) if a limited partnership or a limited li-
2 ability company, have succession for a period of
3 not less than 10 years; and

4 “(iii) possess the powers reasonably nec-
5 essary to perform the functions and conduct the
6 activities.

7 “(2) ARTICLES.—The articles of any rural busi-
8 ness investment company—

9 “(A) shall specify in general terms—

10 “(i) the purposes for which the rural
11 business investment company is formed;

12 “(ii) the name of the rural business
13 investment company;

14 “(iii) the 1 or more areas in which the
15 operations of the rural business investment
16 company are to be carried out;

17 “(iv) the place where the principal of-
18 fice of the rural business investment com-
19 pany is to be located; and

20 “(v) the amount and classes of the
21 shares of capital stock of the rural busi-
22 ness investment company;

23 “(B) may contain any other provisions
24 consistent with this section that the rural busi-
25 ness investment company may determine appro-

1 appropriate to adopt for the regulation of the busi-
2 ness of the rural business investment company
3 and the conduct of the affairs of the rural busi-
4 ness investment company; and

5 “(C) shall be subject to the approval of the
6 Secretary.

7 “(3) CAPITAL REQUIREMENTS.—

8 “(A) IN GENERAL.—Each rural business
9 investment company shall be required to meet
10 the capital requirements as provided by the Sec-
11 retary.

12 “(B) TIME FRAME.—Each rural business
13 investment company shall have a period of 2
14 years to meet the capital requirements of this
15 paragraph.

16 “(C) ADEQUACY.—In addition to the re-
17 quirements of subparagraph (A), the Secretary
18 shall—

19 “(i) determine whether the private
20 capital of each rural business investment
21 company is adequate to ensure a reason-
22 able prospect that the rural business in-
23 vestment company will be operated soundly
24 and profitably, and managed actively and

1 prudently in accordance with the articles of
2 the rural business investment company;

3 “(ii) determine that the rural business
4 investment company will be able to comply
5 with the requirements of this section;

6 “(iii) require that at least 75 percent
7 of the capital of each rural business invest-
8 ment company is invested in rural business
9 concerns;

10 “(iv) ensure that the rural business
11 investment company is designed primarily
12 to meet equity capital needs of the busi-
13 nesses in which the rural business invest-
14 ment company invests and not to compete
15 with traditional small business financing
16 by commercial lenders; and

17 “(v) require that the rural business
18 investment company makes short-term
19 non-equity investments of less than 5 years
20 only to the extent necessary to preserve an
21 existing investment.

22 “(4) DIVERSIFICATION OF OWNERSHIP.—The
23 Secretary shall ensure that the management of each
24 rural business investment company licensed after the
25 date of enactment of the Agriculture Reform, Food,

1 and Jobs Act of 2012 is sufficiently diversified from
2 and unaffiliated with the ownership of the rural
3 business investment company so as to ensure inde-
4 pendence and objectivity in the financial manage-
5 ment and oversight of the investments and oper-
6 ations of the rural business investment company.

7 “(j) FINANCIAL INSTITUTION INVESTMENTS.—

8 “(1) IN GENERAL.—Except as otherwise pro-
9 vided in this subsection and notwithstanding any
10 other provision of law, the following banks, associa-
11 tions, and institutions are eligible both to establish
12 and invest in any rural business investment company
13 or in any entity established to invest solely in rural
14 business investment companies:

15 “(A) Any bank or savings association the
16 deposits of which are insured under the Federal
17 Deposit Insurance Act (12 U.S.C. 1811 et
18 seq.), including an investment pool created en-
19 tirely by such bank or savings association.

20 “(B) Any Farm Credit System institution
21 described in subsection 1.2(a) of the Farm
22 Credit Act of 1971 (12 U.S.C. 2002(a)).

23 “(2) LIMITATION.—No bank, association, or in-
24 stitution described in paragraph (1) may make in-
25 vestments described in paragraph (1) that are great-

1 er than 5 percent of the capital and surplus of the
2 bank, association, or institution.

3 “(3) LIMITATION ON RURAL BUSINESS INVEST-
4 MENT COMPANIES CONTROLLED BY FARM CREDIT
5 SYSTEM INSTITUTIONS.—If a Farm Credit System
6 institution described in section 1.2(a) of the Farm
7 Credit Act of 1971 (12 U.S.C. 2002(a)) holds more
8 than 25 percent of the shares of a rural business in-
9 vestment company, either alone or in conjunction
10 with other System institutions (or affiliates), the
11 rural business investment company shall not provide
12 equity investments in, or provide other financial as-
13 sistance to, entities that are not otherwise eligible to
14 receive financing from the Farm Credit System
15 under that Act (12 U.S.C. 2001 et seq.).

16 “(k) EXAMINATIONS.—

17 “(1) IN GENERAL.—Each rural business invest-
18 ment company that participates in the program es-
19 tablished under this section shall be subject to ex-
20 aminations made at the direction of the Secretary in
21 accordance with this subsection.

22 “(2) ASSISTANCE OF PRIVATE SECTOR ENTI-
23 TIES.—An examination under this subsection may be
24 conducted with the assistance of a private sector en-

1 tity that has the qualifications and the expertise nec-
2 essary to conduct such an examination.

3 “(3) COSTS.—

4 “(A) IN GENERAL.—The Secretary may
5 assess the cost of an examination under this
6 section, including compensation of the exam-
7 iners, against the rural business investment
8 company examined.

9 “(B) PAYMENT.—Any rural business in-
10 vestment company against which the Secretary
11 assesses costs under this subparagraph shall
12 pay the costs.

13 “(4) DEPOSIT OF FUNDS.—Funds collected
14 under this subsection shall—

15 “(A) be deposited in the account that in-
16 curred the costs for carrying out this sub-
17 section;

18 “(B) be made available to the Secretary to
19 carry out this subsection, without further ap-
20 propriation; and

21 “(C) remain available until expended.

22 “(1) REPORTING REQUIREMENTS.—

23 “(1) RURAL BUSINESS INVESTMENT COMPA-
24 NIES.—Each entity that participates in a program
25 established under this section shall provide to the

1 Secretary such information as the Secretary may re-
2 quire, including—

3 “(A) information relating to the measure-
4 ment criteria that the entity proposed in the
5 program application of the rural business in-
6 vestment company; and

7 “(B) in each case in which the entity
8 under this section makes an investment in, or
9 a loan or grant to, a business that is not lo-
10 cated in a rural area, a report on the number
11 and percentage of employees of the business
12 who reside in those areas.

13 “(2) PUBLIC REPORTS.—

14 “(A) IN GENERAL.—The Secretary shall
15 prepare and make available to the public an an-
16 nual report on the programs established under
17 this section, including detailed information on—

18 “(i) the number of rural business in-
19 vestment companies licensed by the Sec-
20 retary during the previous fiscal year;

21 “(ii) the aggregate amount of leverage
22 that rural business investment companies
23 have received from the Federal Govern-
24 ment during the previous fiscal year;

1 “(iii) the aggregate number of each
2 type of leveraged instruments used by
3 rural business investment companies dur-
4 ing the previous fiscal year and how each
5 number compares to previous fiscal years;

6 “(iv) the number of rural business in-
7 vestment company licenses surrendered
8 and the number of rural business invest-
9 ment companies placed in liquidation dur-
10 ing the previous fiscal year, identifying the
11 amount of leverage each rural business in-
12 vestment company has received from the
13 Federal Government and the type of lever-
14 age instruments each rural business invest-
15 ment company has used;

16 “(v) the amount of losses sustained by
17 the Federal Government as a result of op-
18 erations under this section during the pre-
19 vious fiscal year and an estimate of the
20 total losses that the Federal Government
21 can reasonably expect to incur as a result
22 of the operations during the current fiscal
23 year;

24 “(vi) actions taken by the Secretary to
25 maximize recoupment of funds of the Fed-

1 eral Government expended to implement
2 and administer the Rural Business Invest-
3 ment Program under this section during
4 the previous fiscal year and to ensure com-
5 pliance with the requirements of this sec-
6 tion (including regulations);

7 “(vii) the amount of Federal Govern-
8 ment leverage that each licensee received
9 in the previous fiscal year and the types of
10 leverage instruments each licensee used;

11 “(viii) for each type of financing in-
12 strument, the sizes, types of geographic lo-
13 cations, and other characteristics of the
14 small business investment companies using
15 the instrument during the previous fiscal
16 year, including the extent to which the in-
17 vestment companies have used the leverage
18 from each instrument to make loans or eq-
19 uity investments in rural areas; and

20 “(ix) the actions of the Secretary to
21 carry out this section

22 “(B) PROHIBITION.—In compiling the re-
23 port required under subparagraph (A), the Sec-
24 retary may not—

1 “(i) compile the report in a manner
2 that permits identification of any par-
3 ticular type of investment by an individual
4 rural business investment company or
5 small business concern in which a rural
6 business investment company invests; or

7 “(ii) release any information that is
8 prohibited under section 1905 of title 18,
9 United States Code.

10 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
11 is authorized to be appropriated to carry out this section
12 \$25,000,000 for the period of fiscal years 2008 through
13 2017.”.

14 **“CHAPTER 3—GENERAL RURAL**
15 **DEVELOPMENT PROVISIONS**

16 **“SEC. 3701. GENERAL PROVISIONS FOR LOANS AND**
17 **GRANTS.**

18 “(a) PERIOD FOR REPAYMENT.—Unless otherwise
19 specifically provided for in this subtitle, the period for re-
20 payment of a loan under this subtitle shall not exceed 40
21 years.

22 “(b) INTEREST RATES.—

23 “(1) IN GENERAL.—Except as otherwise pro-
24 vided in this title, the interest rate on a loan under

1 this subtitle shall be determined by the Secretary at
2 a rate—

3 “(A) not to exceed a sum obtained by add-
4 ing—

5 “(i) the current average market yield
6 on outstanding marketable obligations of
7 the United States with remaining periods
8 to maturity comparable to the average ma-
9 turity of the loan; and

10 “(ii) an amount not to exceed 1 per-
11 cent, as determined by the Secretary; and

12 “(B) adjusted to the nearest $\frac{1}{8}$ of 1 per-
13 cent.

14 “(2) WATER AND WASTE FACILITY LOANS AND
15 COMMUNITY FACILITIES LOANS.—

16 “(A) IN GENERAL.—Notwithstanding any
17 provision of State law limiting the rate or
18 amount of interest that may be charged, taken,
19 received, or reserved, except as provided in sub-
20 paragraph (C) and paragraph (5), the interest
21 rate on a loan (other than a guaranteed loan)
22 to a public body or nonprofit association (in-
23 cluding an Indian tribe) for a water or waste
24 disposal facility or essential community facility

1 shall be determined by the Secretary at a rate
2 not to exceed—

3 “(i) the current market yield on out-
4 standing municipal obligations with re-
5 maining periods to maturity comparable to
6 the average maturity for the loan, and ad-
7 justed to the nearest $\frac{1}{8}$ of 1 percent;

8 “(ii) 5 percent per year for a loan
9 that is for the upgrading of a facility or
10 construction of a new facility as required
11 to meet applicable health or sanitary
12 standards in—

13 “(I) an area in which the median
14 family income of the persons to be
15 served by the facility is below the pov-
16 erty line (as defined in section 673 of
17 the Community Services Block Grant
18 Act (42 U.S.C. 9902)); and

19 “(II) any areas the Secretary
20 may designate in which a significant
21 percentage of the persons to be served
22 by the facilities are low income per-
23 sons, as determined by the Secretary;
24 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 **“SEC. 3707. STATE RURAL DEVELOPMENT PARTNERSHIP.**

4 “(a) DEFINITIONS.—In this section:

5 “(1) AGENCY WITH RURAL RESPONSIBIL-
6 ITIES.—The term ‘agency with rural responsibilities’
7 means any executive agency (as defined in section
8 105 of title 5, United States Code) that implements
9 a Federal law, or administers a program, targeted at
10 or having a significant impact on rural areas.

11 “(2) PARTNERSHIP.—The term ‘Partnership’
12 means the State Rural Development Partnership
13 continued by subsection (b).

14 “(3) STATE RURAL DEVELOPMENT COUNCIL.—
15 The term ‘State rural development council’ means a
16 State rural development council that meets the re-
17 quirements of subsection (c).

18 “(b) PARTNERSHIP.—

19 “(1) IN GENERAL.—The Secretary shall sup-
20 port the State Rural Development Partnership com-
21 prised of State rural development councils.

22 “(2) PURPOSES.—The purposes of the Partner-
23 ship are to empower and build the capacity of
24 States, regions, and rural communities to design
25 flexible and innovative responses to their rural devel-

1 opment needs in a manner that maximizes collabo-
2 rative public- and private-sector cooperation and
3 minimizes regulatory redundancy.

4 “(3) COORDINATING PANEL.—A panel con-
5 sisting of representatives of State rural development
6 councils shall be established—

7 “(A) to lead and coordinate the strategic
8 operation and policies of the Partnership; and

9 “(B) to facilitate effective communication
10 among the members of the Partnership, includ-
11 ing the sharing of best practices.

12 “(4) ROLE OF FEDERAL GOVERNMENT.—The
13 role of the Federal Government in the Partnership
14 may be that of a partner and facilitator, with Fed-
15 eral agencies authorized—

16 “(A) to cooperate with States to implement
17 the Partnership;

18 “(B) to provide States with the technical
19 and administrative support necessary to plan
20 and implement tailored rural development strat-
21 egies to meet local needs;

22 “(C) to ensure that the head of each agen-
23 cy with rural responsibilities directs appropriate
24 field staff to participate fully with the State

1 rural development council within the jurisdic-
2 tion of the field staff; and

3 “(D) to enter into cooperative agreements
4 with, and to provide grants and other assistance
5 to, State rural development councils.

6 “(c) STATE RURAL DEVELOPMENT COUNCILS.—

7 “(1) ESTABLISHMENT.—Notwithstanding chap-
8 ter 63 of title 31, United States Code, each State
9 may elect to participate in the Partnership by enter-
10 ing into an agreement with the Secretary to recog-
11 nize a State rural development council.

12 “(2) COMPOSITION.—A State rural development
13 council shall—

14 “(A) be composed of representatives of
15 Federal, State, local, and tribal governments,
16 nonprofit organizations, regional organizations,
17 the private sector, and other entities committed
18 to rural advancement; and

19 “(B) have a nonpartisan and nondiscrim-
20 inatory membership that—

21 “(i) is broad and representative of the
22 economic, social, and political diversity of
23 the State; and

1 “(ii) shall be responsible for the gov-
2 ernance and operations of the State rural
3 development council.

4 “(3) DUTIES.—A State rural development
5 council shall—

6 “(A) facilitate collaboration among Fed-
7 eral, State, local, and tribal governments and
8 the private and nonprofit sectors in the plan-
9 ning and implementation of programs and poli-
10 cies that have an impact on rural areas of the
11 State;

12 “(B) monitor, report, and comment on
13 policies and programs that address, or fail to
14 address, the needs of the rural areas of the
15 State;

16 “(C) as part of the Partnership, facilitate
17 the development of strategies to reduce or elimi-
18 nate conflicting or duplicative administrative or
19 regulatory requirements of Federal, State, local,
20 and tribal governments; and

21 “(D)(i) provide to the Secretary an annual
22 plan with goals and performance measures; and

23 “(ii) submit to the Secretary an annual re-
24 port on the progress of the State rural develop-

1 ment council in meeting the goals and meas-
2 ures.

3 “(4) FEDERAL PARTICIPATION IN STATE RURAL
4 DEVELOPMENT COUNCILS.—

5 “(A) IN GENERAL.—A State Director for
6 Rural Development of the Department of Agri-
7 culture, other employees of the Department,
8 and employees of other Federal agencies with
9 rural responsibilities shall fully participate as
10 voting members in the governance and oper-
11 ations of State rural development councils (in-
12 cluding activities related to grants, contracts,
13 and other agreements in accordance with this
14 section) on an equal basis with other members
15 of the State rural development councils.

16 “(B) CONFLICTS.—Participation by a Fed-
17 eral employee in a State rural development
18 council in accordance with this paragraph shall
19 not constitute a violation of section 205 or 208
20 of title 18, United States Code.

21 “(d) ADMINISTRATIVE SUPPORT OF THE PARTNER-
22 SHIP.—

23 “(1) DETAIL OF EMPLOYEES.—

24 “(A) IN GENERAL.—In order to provide
25 experience in intergovernmental collaboration,

1 the head of an agency with rural responsibilities
2 that elects to participate in the Partnership
3 may, and is encouraged to, detail to the Sec-
4 retary for the support of the Partnership 1 or
5 more employees of the agency with rural re-
6 sponsibilities without reimbursement for a pe-
7 riod of up to 1 year.

8 “(B) CIVIL SERVICE STATUS.—The detail
9 shall be without interruption or loss of civil
10 service status or privilege.

11 “(2) ADDITIONAL SUPPORT.—The Secretary
12 may provide for any additional support staff to the
13 Partnership as the Secretary determines to be nec-
14 essary to carry out the duties of the Partnership.

15 “(3) INTERMEDIARIES.—The Secretary may
16 enter into a contract with a qualified intermediary
17 under which the intermediary shall be responsible
18 for providing administrative and technical assistance
19 to a State rural development council, including ad-
20 ministering the financial assistance available to the
21 State rural development council.

22 “(e) MATCHING REQUIREMENTS FOR STATE RURAL
23 DEVELOPMENT COUNCILS.—

24 “(1) IN GENERAL.—Except as provided in para-
25 graph (2), a State rural development council shall

1 provide matching funds, or in-kind goods or services,
2 to support the activities of the State rural develop-
3 ment council in an amount that is not less than 33
4 percent of the amount of Federal funds received
5 from a Federal agency under subsection (f)(2).

6 “(2) EXCEPTIONS TO MATCHING REQUIREMENT
7 FOR CERTAIN FEDERAL FUNDS.—Paragraph (1)
8 shall not apply to funds, grants, funds provided
9 under contracts or cooperative agreements, gifts,
10 contributions, or technical assistance received by a
11 State rural development council from a Federal
12 agency that are used—

13 “(A) to support 1 or more specific pro-
14 gram or project activities; or

15 “(B) to reimburse the State rural develop-
16 ment council for services provided to the Fed-
17 eral agency providing the funds, grants, funds
18 provided under contracts or cooperative agree-
19 ments, gifts, contributions, or technical assist-
20 ance.

21 “(3) DEPARTMENT’S SHARE.—The Secretary
22 shall develop a plan to decrease, over time, the share
23 of the Department of Agriculture of the cost of the
24 core operations of State rural development councils.

25 “(f) FUNDING.—

1 “(1) AUTHORIZATION OF APPROPRIATIONS.—

2 There is authorized to be appropriated to carry out
3 this section \$5,000,000 for each of fiscal years 2013
4 through 2017.

5 “(2) FEDERAL AGENCIES.—

6 “(A) IN GENERAL.—Notwithstanding any
7 other provision of law limiting the ability of an
8 agency, along with other agencies, to provide
9 funds to a State rural development council in
10 order to carry out the purposes of this section,
11 a Federal agency may make grants, gifts, or
12 contributions to, provide technical assistance to,
13 or enter into contracts or cooperative agree-
14 ments with, a State rural development council.

15 “(B) ASSISTANCE.—Federal agencies are
16 encouraged to use funds made available for pro-
17 grams that have an impact on rural areas to
18 provide assistance to, and enter into contracts
19 with, a State rural development council, as de-
20 scribed in subparagraph (A).

21 “(3) CONTRIBUTIONS.—A State rural develop-
22 ment council may accept private contributions.

23 “(g) TERMINATION.—The authority provided under
24 this section shall terminate on September 30, 2017.

1 **“CHAPTER 4—DELTA REGIONAL**
2 **AUTHORITY**

3 **“SEC. 3801. DEFINITIONS.**

4 “In this chapter:

5 “(1) **AUTHORITY.**—The term ‘Authority’ means
6 the Delta Regional Authority established by section
7 3802.

8 “(2) **FEDERAL GRANT PROGRAM.**—The term
9 ‘Federal grant program’ means a Federal grant pro-
10 gram to provide assistance in—

11 “(A) acquiring or developing land;

12 “(B) constructing or equipping a highway,
13 road, bridge, or facility; or

14 “(C) carrying out other economic develop-
15 ment activities.

16 “(3) **REGION.**—The term ‘region’ means the
17 Lower Mississippi (as defined in section 4 of the
18 Delta Development Act (42 U.S.C. 3121 note; Pub-
19 lic Law 100–460)).

20 **“SEC. 3802. DELTA REGIONAL AUTHORITY.**

21 “(a) **ESTABLISHMENT.**—

22 “(1) **IN GENERAL.**—There is established the
23 Delta Regional Authority.

24 “(2) **COMPOSITION.**—The Authority shall be
25 composed of—

1 “(A) a Federal member, to be appointed
2 by the President, with the advice and consent
3 of the Senate; and

4 “(B) the Governor (or a designee of the
5 Governor) of each State in the region that
6 elects to participate in the Authority.

7 “(3) COCHAIRPERSONS.—The Authority shall
8 be headed by—

9 “(A) the Federal member, who shall serve
10 as—

11 “(i) the Federal cochairperson; and

12 “(ii) a liaison between the Federal
13 Government and the Authority; and

14 “(B) a State cochairperson, who shall be—

15 “(i) a Governor of a participating
16 State in the region; and

17 “(ii) elected by the State members for
18 a term of not less than 1 year.

19 “(4) ALABAMA.—Notwithstanding any other
20 provision of law, the State of Alabama shall be a full
21 member of the Authority and shall be entitled to all
22 rights and privileges that the membership affords to
23 all other participating States in the Authority.

24 “(b) ALTERNATE MEMBERS.—

1 “(1) STATE ALTERNATES.—The State member
2 of a participating State may have a single alternate,
3 who shall be—

4 “(A) a resident of that State; and

5 “(B) appointed by the Governor of the
6 State.

7 “(2) ALTERNATE FEDERAL COCHAIRPERSON.—
8 The President shall appoint an alternate Federal co-
9 chairperson.

10 “(3) QUORUM.—A State alternate shall not be
11 counted toward the establishment of a quorum of
12 the Authority in any instance in which a quorum of
13 the State members is required to be present.

14 “(4) DELEGATION OF POWER.—No power or
15 responsibility of the Authority specified in para-
16 graphs (2) and (3) of subsection (c), and no voting
17 right of any Authority member, shall be delegated to
18 any person—

19 “(A) who is not an Authority member; or

20 “(B) who is not entitled to vote in Author-
21 ity meetings.

22 “(c) VOTING.—

23 “(1) IN GENERAL.—A decision by the Authority
24 shall require a majority vote of the Authority (not
25 including any member representing a State that is

1 delinquent under subsection (g)(2)(C)) to be effective.
2

3 “(2) QUORUM.—A quorum of State members
4 shall be required to be present for the Authority to
5 make any policy decision, including—

6 “(A) a modification or revision of an Authority policy decision;
7

8 “(B) approval of a State or regional development plan; and
9

10 “(C) any allocation of funds among the
11 States.

12 “(3) PROJECT AND GRANT PROPOSALS.—The
13 approval of project and grant proposals shall be—

14 “(A) a responsibility of the Authority; and

15 “(B) conducted in accordance with section
16 3809.

17 “(4) VOTING BY ALTERNATE MEMBERS.—An
18 alternate member shall vote in the case of the absence, death, disability, removal, or resignation of
19 the Federal or State representative for which the alternate member is an alternate.
20

21 “(d) DUTIES.—The Authority shall—

22 “(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish
23 priorities and approve grants for the economic development.
24
25

1 opment of the region, giving due consideration to
2 other Federal, State, and local planning and devel-
3 opment activities in the region;

4 “(2) review, and where appropriate amend, pri-
5 orities in a development plan for the region (includ-
6 ing 5-year regional outcome targets);

7 “(3) assess the needs and assets of the region
8 based on available research, demonstrations, inves-
9 tigations, assessments, and evaluations of the region
10 prepared by Federal, State, and local agencies, uni-
11 versities, local development districts, and other non-
12 profit groups;

13 “(4) formulate and recommend to the Gov-
14 ernors and legislatures of States that participate in
15 the Authority forms of interstate cooperation;

16 “(5) work with State and local agencies in de-
17 veloping appropriate model legislation;

18 “(6)(A) enhance the capacity of, and provide
19 support for, local development districts in the region;

20 or

21 “(B) if no local development district exists in
22 an area in a participating State in the region, foster
23 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 ignated 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 engage
21 in or accept any program under this chapter without the
22 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-

1 teed portion of the loan represented by the
2 certificate.

3 “(K) PAYMENT OF CLAIMS.—If the Sec-
4 retary pays a claim under a guarantee issued
5 under this subsection, the claim shall be sub-
6 rogated fully to the rights satisfied by the pay-
7 ment, as may be provided by the Secretary.

8 “(L) APPLICATION OF LAWS.—No State or
9 local law, and no Federal law, shall preclude or
10 limit the exercise by the Secretary of the owner-
11 ship rights of the Secretary in the portions of
12 loans constituting the pool against which the
13 certificates are issued.

14 “(3) DUTIES OF THE SECRETARY.—

15 “(A) IN GENERAL.—On the adoption of
16 final rules and regulations, the Secretary
17 shall—

18 “(i) provide for the central collection
19 of registration information from all partici-
20 pating market makers for all loans and
21 pool certificates sold under paragraphs (1)
22 and (2), including, with respect to each
23 original sale and any subsequent sale—

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 Farm
12 Service Agency, the Rural Utilities Service, the
13 Rural Housing Service, the Rural Business-Coopera-
14 tive Service, or successor agencies under this title,
15 except for activities conducted under the Housing
16 Act of 1949 (42 U.S.C. 1441 et seq.);

17 “(5) release mortgage and other contract liens
18 if it appears that the mortgage and liens have no
19 present or prospective value or that the enforcement
20 of the mortgage and liens likely would be ineffectual
21 or uneconomical;

22 “(6) obtain fidelity bonds protecting the Fed-
23 eral Government against fraud and dishonesty of of-
24 ficers and employees of the Farm Service Agency,
25 the Rural Utilities Service, the Rural Housing Serv-

1 ice, or the Rural Business-Cooperative Service in
2 lieu of faithful performance of duties bonds under
3 section 14 of title 6, United States Code, but other-
4 wise in accordance with the section;

5 “(7) consent to—

6 “(A) long-term leases of facilities financed
7 under this title notwithstanding the failure of
8 the lessee to meet any of the requirements of
9 this title if the long-term leases are necessary to
10 ensure the continuation of services for which fi-
11 nancing was extended to the lessor; and

12 “(B) the transfer of property securing any
13 loan or financed by any loan or grant made or
14 guaranteed by the Farm Service Agency, the
15 Rural Utilities Service, the Rural Housing Serv-
16 ice, or the Rural Business-Cooperative Service
17 under this title, or any other law administered
18 by the Secretary, on such terms as the Sec-
19 retary considers necessary to carry out the pur-
20 pose of the loan or grant or to protect the fi-
21 nancial interest of the Federal Government,
22 provided that the Secretary shall document the
23 consent of the Secretary for the transfer of the
24 property of a borrower in the file of the bor-
25 rower; and

1 “(8) notwithstanding that an area ceases, or
2 has ceased, to be rural, in a rural area, or an eligible
3 area, make loans and grants, and approve transfers
4 and assumptions, under this title on the same basis
5 as though the area still was rural in connection with
6 property securing any loan made or guaranteed by
7 the Secretary under this title or in connection with
8 any property held by the Secretary under this title.

9 “(b) LOAN ADJUSTMENTS.—

10 “(1) NO LIQUIDATION OF PROPERTY.—The
11 Secretary may not require liquidation of property se-
12 curing any farmer program loan or acceleration of
13 any payment required under any farmer program
14 loan as a prerequisite to initiating an action author-
15 ized under subsection (a).

16 “(2) RELEASE OF PERSONAL LIABILITY.—

17 “(A) IN GENERAL.—Except as provided in
18 subparagraph (B), the Secretary may release a
19 borrower or other person obligated on a debt
20 (other than debt incurred under the Housing
21 Act of 1949 (42 U.S.C. 1441 et seq.)) from
22 personal liability with or without payment of
23 any consideration at the time of the com-
24 promise, adjustment, reduction, or charge-off of
25 any claim.

1 “(B) EXCEPTION.—No compromise, ad-
2 justment, reduction, or charge-off of any claim
3 may be made or carried out after the claim has
4 been referred to the Attorney General, unless
5 the Attorney General approves.

6 “(3) RURAL ELECTRIFICATION SECURITY IN-
7 STRUMENTS.—In the case of a security instrument
8 entered into under the Rural Electrification Act of
9 1936 (7 U.S.C. 901 et seq.), the Secretary shall no-
10 tify the Attorney General of the intent of the Sec-
11 retary to exercise the authority of the Secretary
12 under paragraph (2).

13 “(c) SIMPLIFIED APPLICATION FORMS FOR LOAN
14 GUARANTEES.—

15 “(1) IN GENERAL.—The Secretary shall provide
16 to lenders a short, simplified application form for
17 guarantees under this title of—

18 “(A) farmer program loans the principal
19 amount of which is \$125,000 or less; and

20 “(B) business and industry guaranteed
21 loans under section 3601(a)(2)(A) the principal
22 amount of which is—

23 “(i) in the case of a loan guarantee
24 made during fiscal year 2002 or 2003,
25 \$400,000 or less; and

1 “(ii) in the case of a loan guarantee
2 made during any subsequent fiscal year—

3 “(I) \$400,000 or less; or

4 “(II) if the Secretary determines
5 that there is not a significant in-
6 creased risk of a default on the loan,
7 \$600,000 or less.

8 “(2) WATER AND WASTE DISPOSAL GRANTS
9 AND LOANS.—The Secretary shall develop an appli-
10 cation process that accelerates, to the maximum ex-
11 tent practicable, the processing of applications for
12 water and waste disposal grants or direct or guaran-
13 teed loans under section 3501(a)(1) the grant award
14 amount or principal loan amount, respectively, of
15 which is \$300,000 or less.

16 “(3) ADMINISTRATION.—In developing an ap-
17 plication under this subsection, the Secretary shall—

18 “(A) consult with commercial and coopera-
19 tive lenders; and

20 “(B) ensure that—

21 “(i) the form can be completed manu-
22 ally or electronically, at the option of the
23 lender;

24 “(ii) the form minimizes the docu-
25 mentation required to accompany the form;

1 “(iii) the cost of completing and proc-
2 essing the form is minimal; and

3 “(iv) the form can be completed and
4 processed in an expeditious manner.

5 “(d) USE OF ATTORNEYS FOR PROSECUTION OR DE-
6 FENSE OF CLAIMS.—The Secretary may use for the pros-
7 ecution or defense of any claim or obligation described in
8 subsection (a)(5) the Attorney General, the General Coun-
9 sel of the Department, or a private attorney who has en-
10 tered into a contract with the Secretary.

11 “(e) PRIVATE COLLECTION AGENCY.—The Secretary
12 may use a private collection agency to collect a claim or
13 obligation described in subsection (a)(5).

14 “(f) SECURITY SERVICING.—

15 “(1) IN GENERAL.—The Secretary may—

16 “(A) make advances, without regard to any
17 loan or total indebtedness limitation, to pre-
18 serve and protect the security for, or the lien or
19 priority of the lien securing any loan or other
20 indebtedness owing to or acquired by the Sec-
21 retary under this title or under any other pro-
22 gram administered by the Farm Service Agen-
23 cy, the Rural Utilities Service, the Rural Hous-
24 ing Service, or the Rural Business-Cooperative

1 Service applicable program, as determined by
2 the Secretary; and

3 “(B)(i) bid for and purchase at any execu-
4 tion, foreclosure, or other sale or otherwise ac-
5 quire property on which the United States has
6 a lien by reason of a judgment or execution
7 arising from, or that is pledged, mortgaged,
8 conveyed, attached, or levied on to secure the
9 payment of, the indebtedness regardless of
10 whether the property is subject to other liens;

11 “(ii) accept title to any property so pur-
12 chased or acquired; and

13 “(iii) sell, manage, or otherwise dispose of
14 the property in accordance with this subsection.

15 “(2) OPERATION OR LEASE OF REALTY.—Ex-
16 cept as provided in subsections (c) and (e), real
17 property administered under this title may be oper-
18 ated or leased by the Secretary for such period as
19 the Secretary may consider necessary to protect the
20 investment of the Federal Government in the prop-
21 erty.

22 “(g) PAYMENTS TO LENDERS.—

23 “(1) REQUIREMENT.—Not later than 90 days
24 after a court of competent jurisdiction confirms a
25 plan of reorganization under chapter 12 of title 11,

1 United States Code, for any borrower to whom a
2 lender has made a loan guaranteed under this title,
3 the Secretary shall pay the lender an amount esti-
4 mated by the Secretary to be equal to the loss in-
5 curred by the lender for purposes of the guarantee.

6 “(2) PAYMENT TOWARD LOAN GUARANTEE.—
7 Any amount paid to a lender under this subsection
8 with respect to a loan guaranteed under this title
9 shall be treated as payment towards satisfaction of
10 the loan guarantee.

11 **“SEC. 3904. LOAN MORATORIUM AND POLICY ON FORE-**
12 **CLOSURES.**

13 “(a) IN GENERAL.—In addition to any other author-
14 ity that the Secretary may have to defer principal and in-
15 terest and forgo foreclosure, the Secretary may permit, at
16 the request of the borrower, the deferral of principal and
17 interest on any outstanding loan made or guaranteed by
18 the Secretary under this title, or under any other law ad-
19 ministered by the Farm Service Agency, the Rural Utili-
20 ties Service, the Rural Housing Service, or the Rural Busi-
21 ness-Cooperative Service, and may forgo foreclosure of the
22 loan, for such period as the Secretary considers necessary
23 on a showing by the borrower that, due to circumstances
24 beyond the control of the borrower, the borrower is tempo-
25 rarily unable to continue making payments of the principal

1 and interest when due without unduly impairing the
2 standard of living of the borrower.

3 “(b) INTEREST.—

4 “(1) IN GENERAL.—Except as provided in para-
5 graph (2), the Secretary may permit any loan de-
6 ferred under this section to bear no interest during
7 or after the deferral period.

8 “(2) EXCEPTION.—If the security instrument
9 securing the loan is foreclosed, such interest as is in-
10 cluded in the purchase price at the foreclosure shall
11 become part of the principal and draw interest from
12 the date of foreclosure at the rate prescribed by law.

13 “(c) MORATORIUM REGARDING CIVIL RIGHTS
14 CLAIMS.—

15 “(1) IN GENERAL.—Except as otherwise pro-
16 vided in this subsection, effective beginning on May
17 22, 2008, there shall be in effect a moratorium, with
18 respect to farmer program loans made under subtitle
19 A, on all acceleration and foreclosure proceedings in-
20 stituted by the Department against any farmer
21 who—

22 “(A) has pending against the Department
23 a claim of program discrimination that is ac-
24 cepted by the Department as valid; or

1 “(B) files a claim of program discrimina-
2 tion that is accepted by the Department as
3 valid.

4 “(2) WAIVER OF INTEREST AND OFFSETS.—
5 During the period of the moratorium, the Secretary
6 shall waive the accrual of interest and offsets on all
7 farmer program loans made under subtitle A, B, or
8 C for which loan acceleration or foreclosure pro-
9 ceedings have been suspended under paragraph (1).

10 “(3) TERMINATION OF MORATORIUM.—The
11 moratorium shall terminate with respect to a claim
12 of discrimination by a farmer on the earlier of—

13 “(A) the date the Secretary resolves the
14 claim; or

15 “(B) if the farmer appeals the decision of
16 the Secretary on the claim to a court of com-
17 petent jurisdiction, the date that the court ren-
18 ders a final decision on the claim.

19 “(4) FAILURE TO PREVAIL.—If a farmer does
20 not prevail on a claim of discrimination described in
21 paragraph (1), the farmer shall be liable for any in-
22 terest and offsets that accrued during the period
23 that loan acceleration or foreclosure proceedings
24 have been suspended under paragraph (1).

1 **“SEC. 3905. OIL AND GAS ROYALTY PAYMENTS ON LOANS.**

2 “(a) IN GENERAL.—The Secretary shall permit a
3 borrower of a loan made or guaranteed under this title
4 to make a prospective payment on the loan with proceeds
5 from—

6 “(1) the leasing of oil, gas, or other mineral
7 rights to real property used to secure the loan; or

8 “(2) the sale of oil, gas, or other minerals re-
9 moved from real property used to secure the loan, if
10 the value of the rights to the oil, gas, or other min-
11 erals has not been used to secure the loan.

12 “(b) APPLICABILITY.—Subsection (a) shall not apply
13 to a borrower of a loan made or guaranteed under this
14 title with respect to which a liquidation or foreclosure pro-
15 ceeding was pending on December 23, 1985.

16 **“SEC. 3906. TAXATION.**

17 “(a) IN GENERAL.—Except as provided in subsection
18 (b), all property subject to a lien held by the United States
19 or the title to which is acquired or held by the Secretary
20 under this title (other than property used for administra-
21 tive purposes) shall be subject to taxation by State, terri-
22 tory, district, and local political subdivisions in the same
23 manner and to the same extent as other property is taxed.

24 “(b) EXCEPTIONS.—No tax shall be imposed or col-
25 lected as described in subsection (a) if the tax (whether
26 as a tax on the instrument or in connection with con-

1 veying, transferring, or recording the instrument) is based
2 on—

3 “(1) the value of any notes or mortgages or
4 other lien instruments held by or transferred to the
5 Secretary;

6 “(2) any notes or lien instruments administered
7 under this title that are made, assigned, or held by
8 a person otherwise liable for the tax; or

9 “(3) the value of any property conveyed or
10 transferred to the Secretary.

11 “(c) FAILURE TO PAY OR COLLECT TAX.—The fail-
12 ure to pay or collect a tax under subsection (a) shall not—

13 “(1) be a ground for—

14 “(A) refusal to record or file an instru-
15 ment; or

16 “(B) failure to provide notice; or

17 “(2) prevent the enforcement of the instrument
18 in any Federal or State court.

19 **“SEC. 3907. CONFLICTS OF INTEREST.**

20 “(a) ACCEPTANCE OF CONSIDERATION PROHIB-
21 ITED.—No officer, attorney, or other employee of the De-
22 partment shall, directly or indirectly, be the beneficiary
23 of or receive any fee, commission, gift, or other consider-
24 ation for or in connection with any transaction or business
25 under this title other than such salary, fee, or other com-

1 pension as the officer, attorney, or employee may receive
2 as the officer, attorney, or employee.

3 “(b) ACQUISITION OF INTEREST IN LAND PROHIB-
4 ITED.—

5 “(1) IN GENERAL.—Except as provided in para-
6 graph (2), no officer or employee of the Department
7 who acts on or reviews an application made by any
8 person under this title for a loan to purchase land
9 may acquire, directly or indirectly, any interest in
10 the land for a period of 3 years after the date on
11 which the action is taken or the review is made.

12 “(2) FORMER COUNTY COMMITTEE MEM-
13 BERS.—Paragraph (1) shall not apply to a former
14 member of a county committee on a determination
15 by the Secretary, prior to the acquisition of the in-
16 terest, that the former member acted in good faith
17 when acting on or reviewing the application.

18 “(c) CERTIFICATIONS ON LOANS TO FAMILY MEM-
19 BERS PROHIBITED.—No member of a county committee
20 shall knowingly make or join in making any certification
21 with respect to—

22 “(1) a loan to purchase any land in which the
23 member, or any person related to the member within
24 the second degree of consanguinity or affinity, has
25 or may acquire any interest; or

1 “(2) any applicant related to the member within
2 the second degree of consanguinity or affinity.

3 “(d) PENALTIES.—Any person violating this section
4 shall, on conviction of the violation, be punished by a fine
5 of not more than \$2,000 or imprisonment for not more
6 than 2 years, or both.

7 **“SEC. 3908. LOAN SUMMARY STATEMENTS.**

8 “(a) DEFINITION OF SUMMARY PERIOD.—In this
9 section, the term ‘summary period’ means the period be-
10 ginning on the date of issuance of the preceding loan sum-
11 mary statement and ending on the date of issuance of the
12 current loan summary statement.

13 “(b) ISSUANCE OF STATEMENTS.—On the request of
14 a borrower of a loan made (but not guaranteed) under
15 this title, the Secretary shall issue to the borrower a loan
16 summary statement that reflects the account activity dur-
17 ing the summary period for each loan made under this
18 title to the borrower, including—

19 “(1) the outstanding amount of principal due
20 on each loan at the beginning of the summary pe-
21 riod;

22 “(2) the interest rate charged on each loan;

23 “(3) the amount of payments made on, and the
24 application of the payments to, each loan during the

1 summary period and an explanation of the basis for
2 the application of the payments;

3 “(4) the amount of principal and interest due
4 on each loan at the end of the summary period;

5 “(5) the total amount of unpaid principal and
6 interest on all loans at the end of the summary pe-
7 riod;

8 “(6) any delinquency in the repayment of any
9 loan;

10 “(7) a schedule of the amount and date of pay-
11 ments due on each loan; and

12 “(8) the procedure the borrower may use to ob-
13 tain more information concerning the status of the
14 loans.

15 **“SEC. 3909. CERTIFIED LENDERS PROGRAM.**

16 “(a) CERTIFIED LENDERS PROGRAM.—

17 “(1) IN GENERAL.—The Secretary shall estab-
18 lish a program under which the Secretary shall
19 guarantee loans under this title that are made by
20 lending institutions certified by the Secretary.

21 “(2) CERTIFICATION REQUIREMENTS.—The
22 Secretary shall certify a lending institution that
23 meets such criteria as the Secretary may prescribe
24 in regulations, including the ability of the institution

1 to properly make, service, and liquidate the loans of
2 the institution.

3 “(3) CONDITION OF CERTIFICATION.—

4 “(A) IN GENERAL.—As a condition of the
5 certification, the Secretary shall require the in-
6 stitution to undertake to service the loans guar-
7 anteed by the Secretary under this section,
8 using standards that are not less stringent than
9 generally accepted banking standards con-
10 cerning loan servicing employed by prudent
11 commercial or cooperative lenders.

12 “(B) MONITORING.—The Secretary shall,
13 at least annually, monitor the performance of
14 each certified lender to ensure that the condi-
15 tions of the certification are being met.

16 “(4) EFFECT OF CERTIFICATION.—Notwith-
17 standing any other provision of law:

18 “(A) AMOUNT OF LOAN GUARANTEE.—In
19 the case of a loan made or guaranteed under
20 subtitle A, the Secretary shall guarantee 80
21 percent of a loan made under this section by a
22 certified lending institution as described in
23 paragraph (1), subject to a determination that
24 the borrower of the loan meets the eligibility re-
25 quirements and such other criteria as may be

1 applicable to loans guaranteed by the Secretary
2 under other provisions of this title.

3 “(B) CERTIFICATIONS BY LENDING INSTI-
4 TUTIONS.—In the case of loans to be guaran-
5 teed by the Secretary under this section, the
6 Secretary shall permit certified lending institu-
7 tions to make appropriate certifications (as pro-
8 vided by regulations issued by the Secretary)—

9 “(i) relating to issues such as credit-
10 worthiness, repayment ability, adequacy of
11 collateral, and feasibility of farm operation;
12 and

13 “(ii) that the borrower is in compli-
14 ance with all requirements of law, includ-
15 ing regulations issued by the Secretary.

16 “(C) APPROVAL PROCESS.—

17 “(i) IN GENERAL.—The Secretary
18 shall approve or disapprove a guarantee
19 not later than 14 days after the date that
20 the lending institution applies to the Sec-
21 retary for the guarantee.

22 “(ii) DISAPPROVAL.—If the Secretary
23 disapproves the loan application during the
24 14-day period, the Secretary shall state, in

1 writing, all of the reasons the application
2 was disapproved.

3 “(5) RELATIONSHIP TO OTHER REQUIRE-
4 MENTS.—Nothing in this section affects the respon-
5 sibility of the Secretary to certify eligibility, review
6 financial information, and otherwise assess an appli-
7 cation.

8 “(b) PREFERRED CERTIFIED LENDERS PROGRAM.—

9 “(1) IN GENERAL.—The Secretary shall estab-
10 lish a Preferred Certified Lenders Program for lend-
11 ers under this title who establish—

12 “(A) knowledge of, and experience under,
13 the program established under subsection (a);

14 “(B) knowledge of the regulations con-
15 cerning the guaranteed loan program; and

16 “(C) proficiency related to the certified
17 lender program requirements.

18 “(2) REVOCATION OF DESIGNATION.—

19 “(A) IN GENERAL.—Subject to subpara-
20 graph (B), the designation of a lender as a Pre-
21 ferred Certified Lender shall be revoked at any
22 time—

23 “(i) that the Secretary determines
24 that the lender is not adhering to the rules

1 and regulations applicable to the program;

2 or

3 “(ii) if the loss experiences of a Pre-
4 ferred Certified Lender are excessive as
5 compared to other Preferred Certified
6 Lenders.

7 “(B) EFFECT.—A suspension or revocation
8 under subparagraph (A) shall not affect any
9 outstanding guarantee.

10 “(3) CONDITION OF CERTIFICATION.—As a
11 condition of preferred certification, the Secretary
12 shall require the institution to undertake to service
13 the loans guaranteed by the Secretary under this
14 subsection using generally accepted banking stand-
15 ards concerning loan servicing employed by prudent
16 commercial or cooperative lenders.

17 “(4) MONITORING.—The Secretary shall, at
18 least annually, monitor the performance of each Pre-
19 ferred Certified Lender to ensure that the conditions
20 of certification are being met.

21 “(5) EFFECT OF PREFERRED LENDER CERTIFI-
22 CATION.—

23 “(A) IN GENERAL.—Notwithstanding any
24 other provision of law, the Secretary shall—

1 “(i) guarantee 80 percent of an ap-
2 proved loan made by a certified lending in-
3 stitution as described in this subsection,
4 subject to a determination that the bor-
5 rower meets the eligibility requirements or
6 such other criteria as may be applicable to
7 loans guaranteed by the Secretary under
8 other provisions of this title;

9 “(ii) permit certified lending institu-
10 tions—

11 “(I) to make all decisions, with
12 respect to loans to be guaranteed by
13 the Secretary under this subsection
14 relating to credit worthiness, the clos-
15 ing, monitoring, collection and liquida-
16 tion of loans; and

17 “(II) to accept appropriate cer-
18 tifications, as provided by regulations
19 issued by the Secretary, that the bor-
20 rower is in compliance with all re-
21 quirements of law or regulations pro-
22 mulgated by the Secretary; and

23 “(iii) be considered to have guaran-
24 teed 80 percent of a loan made by a pre-
25 ferred certified lending institution as de-

1 scribed in paragraph (1), if the Secretary
2 fails to approve or reject the application of
3 such institution within 14 calendar days
4 after the date that the lending institution
5 presented the application to the Secretary.

6 “(B) REQUIREMENT.—If the Secretary re-
7 jects an application under subparagraph (A)(iii)
8 during the 14-day period, the Secretary shall
9 state, in writing, the reasons the application
10 was rejected.

11 “(c) ADMINISTRATION OF CERTIFIED LENDERS AND
12 PREFERRED CERTIFIED LENDERS PROGRAMS.—The Sec-
13 retary may administer the loan guarantee programs under
14 subsections (a) and (b) through central offices established
15 in States or in multi-State areas.

16 **“SEC. 3910. LOANS TO RESIDENT ALIENS.**

17 “(a) IN GENERAL.—Notwithstanding the provisions
18 of this title limiting the making of a loan to a citizen of
19 the United States, the Secretary may make a loan under
20 this title to an alien lawfully admitted to the United States
21 for permanent residence under the Immigration and Na-
22 tionality Act (8 U.S.C. 1101 et seq.).

23 “(b) REGULATIONS.—

24 “(1) IN GENERAL.—No loan may be made
25 under this title to an alien referred to in subsection

1 (a) until the Secretary issues regulations estab-
2 lishing the terms and conditions under which the
3 alien may receive the loan.

4 “(2) REQUIREMENT.—The Secretary shall sub-
5 mit the regulations to the Committee on Agriculture
6 of the House of Representatives and the Committee
7 on Agriculture, Nutrition, and Forestry of the Sen-
8 ate at least 30 days prior to the date on which the
9 regulations are published in the Federal Register.

10 **“SEC. 3911. EXPEDITED CLEARING OF TITLE TO INVENTORY**
11 **PROPERTY.**

12 “(a) IN GENERAL.—The Secretary may employ local
13 attorneys, on a case-by-case basis, to process all legal pro-
14 cedures necessary to clear the title to foreclosed properties
15 in the inventory of the Department.

16 “(b) COMPENSATION.—Attorneys shall be com-
17 pensated at not more than the usual and customary
18 charges of the attorneys for the work.

19 **“SEC. 3912. TRANSFER OF LAND TO SECRETARY.**

20 “The President may at any time, in the discretion
21 of the President, transfer to the Secretary any right, inter-
22 est, or title held by the United States in any land acquired
23 in the program of national defense and no longer needed
24 for that purpose that the President finds suitable for the
25 purposes of this title, and the Secretary shall dispose of

1 the transferred land in the manner and subject to the
2 terms and conditions of this title.

3 **“SEC. 3913. COMPETITIVE SOURCING LIMITATIONS.**

4 “The Secretary may not complete a study of, or enter
5 into a contract with a private party to carry out, without
6 specific authorization in a subsequent Act of Congress, a
7 competitive sourcing activity of the Secretary, including
8 support personnel of the Department, relating to rural de-
9 velopment or farmer program loans.

10 **“SEC. 3914. REGULATIONS.**

11 “The Secretary may issue such regulations, prescribe
12 such terms and conditions for making or guaranteeing
13 loans, security instruments, and agreements, except as
14 otherwise specified in this title, and make such delegations
15 of authority as the Secretary considers necessary to carry
16 out this title.”.

17 **SEC. 6002. CONFORMING AMENDMENTS.**

18 (a) Section 17(c) of the Rural Electrification Act of
19 1936 (7 U.S.C. 917(c)) is amended by striking paragraph
20 (1) and inserting the following:

21 “(1) Subtitle B of the Consolidated Farm and
22 Rural Development Act.”.

23 (b) Section 305(c)(2)(B)(i)(I) of the Rural Elec-
24 trification Act of 1936 (7 U.S.C. 935(c)(2)(B)(i)(I)) is
25 amended by striking “section 307(a)(3)(A) of the Consoli-

1 dated Farm and Rural Development Act (7 U.S.C.
2 1927(a)(3)(A))” and inserting “section 3701(b)(2) of the
3 Consolidated Farm and Rural Development Act”.

4 (c) Section 306F(a)(1) of the Rural Electrification
5 Act of 1936 (7 U.S.C. 936f(a)(1)) is amended by striking
6 subparagraph (B) and inserting the following:

7 “(B) chapter 1 of subtitle B of the Con-
8 solidated Farm and Rural Development Act.”.

9 (d) Section 2333(d) of the Food, Agriculture, Con-
10 servation, and Trade Act of 1990 (7 U.S.C. 950aaa–2(d))
11 is amended—

12 (1) in paragraph (11), by adding “and” at the
13 end;

14 (2) by striking paragraph (12); and

15 (3) by redesignating paragraph (13) as para-
16 graph (12).

17 (e) Section 601(b) of the Rural Electrification Act
18 of 1936 (7 U.S.C. 950bb(b)) is amended by striking para-
19 graph (3).

20 (f) Section 602(5) of the Emergency Livestock Feed
21 Assistance Act of 1988 (7 U.S.C. 1471(5)) is amended
22 by striking “section 355(e)(1)(D)(ii) of the Consolidated
23 Farm and Rural Development Act (7 U.S.C.
24 1985(e)(1)(D)(ii))” and inserting “section 3409(c)(1)(A)
25 of the Consolidated Farm and Rural Development Act”.

1 (g) Section 508 of the Federal Crop Insurance Act
2 (7 U.S.C. 1508) is amended—

3 (1) in subsection (b)(7)(A), by striking “section
4 371 of the Consolidated Farm and Rural Develop-
5 ment Act (7 U.S.C. 2008f)” and inserting “section
6 3424 of the Consolidated Farm and Rural Develop-
7 ment Act”; and

8 (2) in subsection (n)(2), by striking “subtitle C
9 of the Consolidated Farm and Rural Development
10 Act (7 U.S.C. 1961 et seq.)” and inserting “chapter
11 3 of subtitle A of the Consolidated Farm and Rural
12 Development Act”.

13 (h) Section 231(a) of the Agricultural Risk Protec-
14 tion Act of 2000 (7 U.S.C. 1632a(a)) is amended—

15 (1) in paragraph (1), by striking “section
16 343(a) of the Consolidated Farm and Rural Devel-
17 opment Act (7 U.S.C. 1991(a))” and inserting “sec-
18 tion 3002 of the Consolidated Farm and Rural De-
19 velopment Act”; and

20 (2) in paragraph (4), by striking “section
21 355(e) of the Consolidated Farm and Rural Devel-
22 opment Act (7 U.S.C. 2003(e))” and inserting “sec-
23 tion 3002 of the Consolidated Farm and Rural De-
24 velopment Act”.

1 (i) Section 14204(a) of the Food, Conservation, and
2 Energy Act of 2008 (7 U.S.C. 2008q-1(a)) is amended
3 by striking “an entity described in section 379C(a) of the
4 Consolidated Farm and Rural Development Act (7 U.S.C.
5 2008q(a))” and inserting “an entity determined by the
6 Secretary”.

7 (j) Section 607(e)(6) of the Rural Development Pol-
8 icy Act of 1972 (7 U.S.C. 2204b(e)(6)) is amended in the
9 last sentence—

10 (1) by striking “, and” and inserting “and
11 any”; and

12 (2) by striking “required under section
13 306(a)(12) of the Consolidated Farm and Rural De-
14 velopment Act”.

15 (k) Section 901(b) of the Agricultural Act of 1970
16 (7 U.S.C. 2204b-1(b)) is amended by striking “rural
17 areas as defined in the private business enterprise excep-
18 tion in section 306(a)(7) of the Consolidated Farmers
19 Home Administration Act of 1961, as amended (7 U.S.C.
20 1926)” and inserting “rural areas, as defined in section
21 3002 of the Consolidated Farm and Rural Development
22 Act”.

23 (l) Section 14220 of the Food, Conservation, and En-
24 ergy Act of 2008 (7 U.S.C. 2206b) is amended by striking
25 “section 343(a)(13)(A) of the Consolidated Farm and

1 Rural Development Act)” and inserting “section 3002 of
2 the Consolidated Farm and Rural Development Act)”.

3 (m) Section 2501(c)(2)(D) of the Food, Agriculture,
4 Conservation, and Trade Act of 1990 (7 U.S.C.
5 2279(c)(2)(D)) is amended by striking “sections
6 355(a)(1) and 355(e) of the Consolidated Farm and Rural
7 Development Act (7 U.S.C. 2003(a)(1))” and inserting
8 “paragraphs (1) and (3) of section 3416(a) of the Consoli-
9 dated Farm and Rural Development Act”.

10 (n) Section 2501A(b) of the Food, Agriculture, Con-
11 servation, and Trade Act of 1990 (7 U.S.C. 2279–1(b))
12 is amended by striking “section 355(e) of the Consolidated
13 Farm and Rural Development Act (7 U.S.C. 2003(e))”
14 and inserting “section 3002 of the Consolidated Farm and
15 Rural Development Act”.

16 (o) Section 7405(c)(8)(B) of the Farm Security and
17 Rural Investment Act of 2002 (7 U.S.C. 3319f(c)(8)(B))
18 is amended by striking “section 355(e) of the Consolidated
19 Farm and Rural Development Act (7 U.S.C. 2003(e))”
20 and inserting “section 3002 of the Consolidated Farm and
21 Rural Development Act)”.

22 (p) Section 1101(d)(2)(A) of the Food, Conservation,
23 and Energy Act of 2008 (7 U.S.C. 8711(d)(2)(A)) is
24 amended by striking “section 355(e) of the Consolidated
25 Farm and Rural Development Act (7 U.S.C. 2003(e))”

1 and inserting “section 3002 of the Consolidated Farm and
2 Rural Development Act”.

3 (q) Section 1302(d)(2)(A) of the Food, Conservation,
4 and Energy Act of 2008 (7 U.S.C. 8752(d)(2)(A)) is
5 amended by striking “section 355(e) of the Consolidated
6 Farm and Rural Development Act (7 U.S.C. 2003(e))”
7 and inserting “section 3002 of the Consolidated Farm and
8 Rural Development Act”.

9 (r) Section 2375(g) of the Food, Agriculture, Con-
10 servation, and Trade Act of 1990 (7 U.S.C. 6613(g)) is
11 amended by striking “section 304(b), 306(a), or 310B(e)
12 of the Consolidated Farm and Rural Development Act (7
13 U.S.C. 1924(b), 1926(a), and 1932(e))” and inserting
14 “subtitle B of the Consolidated Farm and Rural Develop-
15 ment Act”.

16 (s) Section 226B(a)(1) of the Department of Agri-
17 culture Reorganization Act of 1994 (7 U.S.C. 6934(a)(1))
18 is amended by striking “section 343(a) of the Consolidated
19 Farm and Rural Development Act (7 U.S.C. 1991(a))”
20 and inserting “section 3002 of the Consolidated Farm and
21 Rural Development Act”.

22 (t) Section 196(i)(3)(B) of the Federal Agriculture
23 Improvement and Reform Act of 1996 (7 U.S.C.
24 7333(i)(3)(B)) is amended by striking “subtitle C of the
25 Consolidated Farm and Rural Development Act (7 U.S.C.

1 1961 et seq.)” and inserting “chapter 3 of subtitle A of
2 the Consolidated Farm and Rural Development Act”.

3 (u) Section 9009(a)(1) of the Farm Security and
4 Rural Investment Act of 2002 (7 U.S.C. 8109(a)(1)) is
5 amended by striking “section 343(a)(13)(A) of the Con-
6 solidated Farm and Rural Development Act (7 U.S.C.
7 1991(a)(13)(A))” and inserting “section 3002 of the
8 Consolidated Farm and Rural Development Act”.

9 (v) Section 9011(c)(2)(B)(v) of the Farm Security
10 and Rural Investment Act of 2002 (7 U.S.C.
11 8111(c)(2)(B)(v)) is amended by striking subclause (I) and
12 inserting the following:

13 (I) beginning farmers (as de-
14 fined in accordance with section 3002
15 of the Consolidated Farm and Rural
16 Development Act); or”.

17 (w) Section 7(b)(2)(B) of the Small Business Act (15
18 U.S.C. 636(b)(2)(B)) is amended by striking “section 321
19 of the Consolidated Farm and Rural Development Act (7
20 U.S.C. 1961)” and inserting “section 3301 of the Consoli-
21 dated Farm and Rural Development Act”.

22 (x) Section 8(b)(5)(B)(iii)(III)(bb) of the Soil Con-
23 servation and Domestic Allotment Act (16 U.S.C.
24 590h(b)(5)(B)(iii)(III)(bb)) is amended by striking “sec-
25 tion 355(e)(1) of the Consolidated Farm and Rural Devel-

1 opment Act (7 U.S.C.A. § 2003(e)(1))” and inserting
2 “section 3002 of the Consolidated Farm and Rural Devel-
3 opment Act)”.

4 (y) Section 10(b)(3) of the Cooperative Forestry As-
5 sistance Act of 1978 (16 U.S.C. 2106(b)(3)) is amended
6 in the last sentence by striking “set out in the first clause
7 of section 306(a)(7) of the Consolidated Farm and Rural
8 Development Act” and inserting “given the term in sec-
9 tion 3002 of the Consolidated Farm and Rural Develop-
10 ment Act”.

11 (z) Section 1201(a)(2) of the Food Security Act of
12 1985 (16 U.S.C. 3801(a)(2)) is amended by striking “sec-
13 tion 343(a)(8) of the Consolidated Farm and Rural Devel-
14 opment Act (7 U.S.C. 1991(a)(8))” and inserting “section
15 3002 of the Consolidated Farm and Rural Development
16 Act”.

17 (aa) Section 1238(2) of the Food Security Act of
18 1985 (16 U.S.C. 3838(2)) is amended by striking “section
19 343(a) of the Consolidated Farm and Rural Development
20 Act (7 U.S.C. 1991(a))” and inserting “section 3002 of
21 the Consolidated Farm and Rural Development Act”.

22 (bb) Section 5 of Public Law 91–229 (25 U.S.C. 492)
23 is amended by striking “section 307(a)(3)(B) of the Con-
24 solidated Farmers Home Administration Act of 1961, as
25 amended, and to the provisions of subtitle D of that Act

1 except sections 340, 341, 342, and 343” and inserting
2 “3105(b)(2) of the Consolidated Farm and Rural Develop-
3 ment Act”.

4 (cc) Section 6(e) of Public Law 91–229 (25 U.S.C.
5 493(e)) is amended by striking “section 333B of the Con-
6 solidated Farm and Rural Development Act (7 U.S.C.
7 1983b)” and inserting “subtitle H of the Department of
8 Agriculture Reorganization Act of 1994 (7 U.S.C. 6991
9 et seq.)”.

10 (dd) Section 181(a)(2)(B)(ii) of the Internal Revenue
11 Code of 1986 is amended by striking “section 2009aa–
12 1 of title 7, United States Code” and inserting “section
13 3801 of the Consolidated Farm and Rural Development
14 Act”.

15 (ee) Section 515(b)(3) of the Housing Act of 1949
16 (42 U.S.C. 1485(b)(3)) is amended by striking “all the
17 provisions of section 309 and the second and third sen-
18 tences of section 308 of the Consolidated Farmers Home
19 Administration Act of 1961, including the authority in
20 section 309(f)(1) of that Act” and inserting “section 3401
21 of the Consolidated Farm and Rural Development Act”.

22 (ff) Section 517(b) of the Housing Act of 1949 (42
23 U.S.C. 1487(b)) is amended in the third sentence by strik-
24 ing “(7 U.S.C. 1929)” and inserting “under section 3401
25 of the Consolidated Farm and Rural Development Act”.

1 (gg) Section 3(8) of the Public Works and Economic
2 Development Act of 1965 (42 U.S.C. 3122(8)) is amend-
3 ed—

4 (1) by striking subparagraph (B) and inserting
5 the following:

6 “(B) the Delta Regional Authority estab-
7 lished under chapter 4 of subtitle B of the Con-
8 solidated Farm and Rural Development Act;”;
9 and

10 (2) by striking subparagraph (D) and inserting
11 the following:

12 “(D) the Northern Great Plains Regional
13 Authority established under chapter 5 of sub-
14 title B of the Consolidated Farm and Rural De-
15 velopment Act.”.

16 (hh) Section 310(a) of the Robert T. Stafford Dis-
17 aster Relief and Emergency Assistance Act (42 U.S.C.
18 5153(a)) is amended by striking paragraph (4) and insert-
19 ing the following:

20 “(4) Chapter 1 of subtitle B of the Consoli-
21 dated Farm and Rural Development Act.”.

22 (ii) Section 582(d)(1) of the National Flood Insur-
23 ance Reform Act of 1994 (42 U.S.C. 5154a(d)(1)) is
24 amended by striking “section 321(a) of the Consolidated
25 Farm and Rural Development Act (7 U.S.C. 1961(a))”

1 and inserting “section 3301(b) of the Consolidated Farm
2 and Rural Development Act”.

3 (jj) Section 213(c)(1) of the Biomass Energy and Al-
4 cohol Fuels Act of 1980 (42 U.S.C. 8813(c)(1)) is amend-
5 ed in the first sentence by striking “section 309 of the
6 Consolidated Farm and Rural Development Act or the
7 Rural Development Insurance Fund in section 309A of
8 such Act” and inserting “under section 3401 of the Con-
9 solidated Farm and Rural Development Act or the Rural
10 Development Insurance Fund under section 3704 of that
11 Act”.

12 (kk) Section 1323(b)(2) of the Food Security Act of
13 1985 (Public Law 99–198; 7 U.S.C. 1932 note) is amend-
14 ed—

15 (1) in subparagraph (A), by inserting “and” at
16 the end;

17 (2) in subparagraph (B), by striking “; and” at
18 the end and inserting a period; and

19 (3) by striking subparagraph (C).

20 **Subtitle B—Rural Electrification**

21 **SEC. 6101. DEFINITION OF RURAL AREA.**

22 Section 13(3) of the Rural Electrification Act of 1936
23 (7 U.S.C. 913(A)) is amended by striking subparagraph
24 (A) and inserting the following:

1 “(A) any area described in section
2 3002(28)(A)(i) of the Consolidated Farm and
3 Rural Development Act; and”.

4 **SEC. 6102. GUARANTEES FOR BONDS AND NOTES ISSUED**
5 **FOR ELECTRIFICATION OR TELEPHONE PUR-**
6 **POSES.**

7 Section 313A(f) of the Rural Electrification Act of
8 1936 (7 U.S.C. 940c-1(f)) is amended by striking “2012”
9 and inserting “2017”.

10 **SEC. 6103. EXPANSION OF 911 ACCESS.**

11 Section 315(d) of the Rural Electrification Act of
12 1936 (7 U.S.C. 940e(d)) is amended by striking “2012”
13 and inserting “2017”.

14 **SEC. 6104. ACCESS TO BROADBAND TELECOMMUNICATIONS**
15 **SERVICES IN RURAL AREAS.**

16 Section 601 of the Rural Electrification Act of 1936
17 (7 U.S.C. 950bb) is amended—

18 (1) in subsection (a), by striking “loans and”
19 and inserting “grants, loans, and”;

20 (2) in subsection (b), by striking paragraph (3)
21 and inserting the following:

22 “(3) RURAL AREA.—The term ‘rural area’
23 means any area described in section 3002 of the
24 Consolidated Farm and Rural Development Act.”;

25 (3) in subsection (c)—

1 (A) in the subsection heading, by striking
2 “LOANS AND” and inserting “GRANTS, LOANS,
3 AND”;

4 (B) in paragraph (1), by inserting “make
5 grants and” after “Secretary shall”;

6 (C) by striking paragraph (2) and insert-
7 ing the following:

8 “(2) PRIORITY.—

9 “(A) IN GENERAL.—In making grants,
10 loans, or loan guarantees under paragraph (1),
11 the Secretary shall—

12 “(i) establish not less than 2, and not
13 more than 4, evaluation periods for each
14 fiscal year to compare grant, loan, and
15 loan guarantee applications and to
16 prioritize grants, loans, and loan guaran-
17 tees to all or part of rural communities
18 that do not have residential broadband
19 service that meets the minimum acceptable
20 level of broadband service established
21 under subsection (e);

22 “(ii) give the highest priority to appli-
23 cants that offer to provide broadband serv-
24 ice to the greatest proportion of unserved
25 rural households or rural households that

1 do not have residential broadband service
2 that meets the minimum acceptable level of
3 broadband service established under sub-
4 section (e), as—

5 “(I) certified by the affected
6 community, city, county, or designee;
7 or

8 “(II) demonstrated on—

9 “(aa) the broadband map of
10 the affected State if the map con-
11 tains address-level data; or

12 “(bb) the National
13 Broadband Map if address-level
14 data is unavailable; and

15 “(iii) provide equal consideration to
16 all qualified applicants, including those
17 that have not previously received grants,
18 loans, or loan guarantees under paragraph
19 (1).

20 “(B) OTHER.—After giving priority to the
21 applicants described in subparagraph (A), the
22 Secretary shall then give priority to projects
23 that serve rural communities—

24 “(i) with a population of less than
25 20,000 permanent residents;

1 “(ii) experiencing outmigration;

2 “(iii) with a high percentage of low-in-
3 come residents; and

4 “(iv) that are isolated from other sig-
5 nificant population centers.”; and

6 (D) by adding at the end the following:

7 “(3) GRANT AMOUNTS.—

8 “(A) ELIGIBILITY.—To be eligible for a
9 grant under this section, the project that is the
10 subject of the grant shall be carried out in a
11 rural area.

12 “(B) MAXIMUM.—Except as provided in
13 subparagraph (D), the amount of any grant
14 made under this section shall not exceed 50
15 percent of the development costs of the project
16 for which the grant is provided.

17 “(C) GRANT RATE.—The Secretary shall
18 establish the grant rate for each project in ac-
19 cordance with regulations issued by the Sec-
20 retary that shall provide for a graduated scale
21 of grant rates that establish higher rates for
22 projects in communities that have—

23 “(i) remote locations;

24 “(ii) low community populations;

25 “(iii) low income levels;

1 “(iv) developed the applications of the
2 communities with the participation of com-
3 binations of stakeholders, including—

4 “(I) State, local, and tribal gov-
5 ernments;

6 “(II) nonprofit institutions;

7 “(III) institutions of higher edu-
8 cation;

9 “(IV) private entities; and

10 “(V) philanthropic organizations;

11 and

12 “(v) targeted funding to provide the
13 minimum acceptable level of broadband
14 service established under subsection (e) in
15 all or part of an unserved community that
16 is below that minimum acceptable level of
17 broadband service.

18 “(D) SECRETARIAL AUTHORITY TO AD-
19 JUST.—The Secretary may make grants of up
20 to 75 percent of the development costs of the
21 project for which the grant is provided to an el-
22 igible entity if the Secretary determines that
23 the project serves a remote or low income area
24 that does not have access to broadband service

1 from any provider of broadband service (includ-
2 ing the applicant).”;

3 (4) in subsection (d)—

4 (A) in paragraph (1)(A)—

5 (i) in the matter preceding clause (i),
6 by striking “loan or” and inserting “grant,
7 loan, or”;

8 (ii) by striking clause (i) and inserting
9 the following:

10 “(i) demonstrate the ability to fur-
11 nish, improve in order to meet the min-
12 imum acceptable level of broadband service
13 established under subsection (e), or extend
14 broadband service to all or part of an
15 unserved rural area or an area below the
16 minimum acceptable level of broadband
17 service established under subsection (e);”;

18 (iii) in clause (ii), by striking “a loan
19 application” and inserting “an applica-
20 tion”; and

21 (iv) in clause (iii)—

22 (I) by striking “the loan applica-
23 tion” and inserting “the application”;
24 and

1 (II) by striking “proceeds from
2 the loan made or guaranteed under
3 this section are” and inserting “as-
4 sistance under this section is”;

5 (B) in paragraph (2)—

6 (i) in subparagraph (A)—

7 (I) in the matter preceding clause

8 (i)—

9 (aa) by striking “the pro-
10 ceeds of a loan made or guaran-
11 teed” and inserting “assistance”;
12 and

13 (bb) by striking “for the
14 loan or loan guarantee” and in-
15 serting “of the eligible entity”;

16 (II) in clause (i), by striking “is
17 offered broadband service by not more
18 than 1 incumbent service provider”
19 and inserting “are unserved or have
20 service levels below the minimum ac-
21 ceptable level of broadband service es-
22 tablished under subsection (e)”;

23 (III) in clause (ii), by striking
24 “3” and inserting “2”;

1 (ii) by striking subparagraph (B) and
2 inserting the following:

3 “(B) ADJUSTMENTS.—

4 “(i) INCREASE.—The Secretary may
5 increase the household percentage require-
6 ment under subparagraph (A)(i) if—

7 “(I) more than 25 percent of the
8 costs of the project are funded by
9 grants made under this section; or

10 “(II) the proposed service terri-
11 tory includes 1 or more communities
12 with a population in excess of 20,000.

13 “(ii) REDUCTION.—The Secretary
14 may reduce the household percentage re-
15 quirement under subparagraph (A)(i)—

16 “(I) to not less than 15 percent,
17 if the proposed service territory does
18 not have a population in excess of
19 5,000 people; or

20 “(II) to not less than 18 percent,
21 if the proposed service territory does
22 not have a population in excess of
23 7,500 people.”; and

24 (iii) in subparagraph (C)—

1 (I) in the subparagraph heading,
2 by striking “3” and inserting “2”; and

3 (II) in clause (i), by inserting
4 “the minimum acceptable level of
5 broadband service established under
6 subsection (e) in” after “service to”;

7 (C) in paragraph (3)—

8 (i) in subparagraph (A), by striking
9 “loan or” and inserting “grant, loan, or”;
10 and

11 (ii) in subparagraph (B), by adding at
12 the end the following:

13 “(iii) INFORMATION.—Information
14 submitted under this subparagraph shall
15 be—

16 “(I) certified by the affected
17 community, city, county, or designee;
18 and

19 “(II) demonstrated on—

20 “(aa) the broadband map of
21 the affected State if the map con-
22 tains address-level data; or

23 “(bb) the National
24 Broadband Map if address-level
25 data is unavailable.”;

1 (D) in paragraph (4)—

2 (i) by striking “Subject to paragraph
3 (1),” and inserting the following:

4 “(A) IN GENERAL.—Subject to paragraph
5 (1) and subparagraph (B),”;

6 (ii) by striking “loan or” and insert-
7 ing “grant, loan, or”; and

8 (iii) by adding at the end the fol-
9 lowing:

10 “(B) PILOT PROGRAMS.—The Secretary
11 may carry out pilot programs in conjunction
12 with interested entities described in subpara-
13 graph (A) (which may be in partnership with
14 other entities, as determined appropriate by the
15 Secretary) to address areas that are unserved
16 or have service levels below the minimum ac-
17 ceptable level of broadband service established
18 under subsection (e).”;

19 (E) in paragraph (5)—

20 (i) in the matter preceding subpara-
21 graph (A), by striking “loan or” and in-
22 serting “grant, loan, or”; and

23 (ii) in subparagraph (C), by inserting
24 “, and proportion relative to the service
25 territory,” after “estimated number”;

1 (F) in paragraph (6), by striking “loan or”
2 and inserting “grant, loan, or”;

3 (G) in paragraph (7), by striking “a loan
4 application” and inserting “an application”;
5 and

6 (H) by adding at the end the following:

7 “(8) TRANSPARENCY AND REPORTING.—The
8 Secretary—

9 “(A) shall require any entity receiving as-
10 sistance under this section to submit quarterly,
11 in a format specified by the Secretary, a report
12 that describes—

13 “(i) the use by the entity of the assist-
14 ance, including new equipment and capac-
15 ity enhancements that support high-speed
16 broadband access for educational institu-
17 tions, health care providers, and public
18 safety service providers (including the esti-
19 mated number of end users who are cur-
20 rently using or forecasted to use the new
21 or upgraded infrastructure); and

22 “(ii) the progress towards fulfilling
23 the objectives for which the assistance was
24 granted, including—

1 “(I) the number and location of
2 residences and businesses that will re-
3 ceive new broadband service, existing
4 network service improvements, and fa-
5 cility upgrades resulting from the
6 Federal assistance;

7 “(II) the speed of broadband
8 service;

9 “(III) the price of broadband
10 service;

11 “(IV) any changes in broadband
12 service adoption rates, including new
13 subscribers generated from demand-
14 side projects; and

15 “(V) any other metrics the Sec-
16 retary determines to be appropriate;

17 “(B) shall maintain a fully searchable
18 database, accessible on the Internet at no cost
19 to the public, that contains, at a minimum—

20 “(i) a list of each entity that has ap-
21 plied for assistance under this section;

22 “(ii) a description of each application,
23 including the status of each application;

24 “(iii) for each entity receiving assist-
25 ance under this section—

1 “(I) the name of the entity;

2 “(II) the type of assistance being
3 received;

4 “(III) the purpose for which the
5 entity is receiving the assistance; and

6 “(IV) each quarterly report sub-
7 mitted under subparagraph (A); and

8 “(iv) such other information as is suf-
9 ficient to allow the public to understand
10 and monitor assistance provided under this
11 section;

12 “(C) shall, in addition to other authority
13 under applicable law, establish written proce-
14 dures for all broadband programs administered
15 by the Secretary that, to the maximum extent
16 practicable—

17 “(i) recover funds from loan defaults;

18 “(ii)(I) deobligate awards to grantees
19 that demonstrate an insufficient level of
20 performance (including failure to meet
21 build-out requirements, service quality
22 issues, or other metrics determined by the
23 Secretary) or wasteful or fraudulent spend-
24 ing; and

1 “(II) award those funds, on a com-
2 petitive basis, to new or existing applicants
3 consistent with this section; and

4 “(iii) consolidate and minimize overlap
5 among the programs;

6 “(D) with respect to an application for as-
7 sistance under this section, shall—

8 “(i) promptly post on the website of
9 the Rural Utility Service—

10 “(I) an announcement that iden-
11 tifies—

12 “(aa) each applicant;

13 “(bb) the amount and type
14 of support requested by each ap-
15 plicant; and

16 “(II) a list of the census block
17 groups or proposed service territory,
18 in a manner specified by the Sec-
19 retary, that the applicant proposes to
20 service;

21 “(ii) provide not less than 15 days for
22 broadband service providers to voluntarily
23 submit information about the broadband
24 services that the providers offer in the
25 groups or tracts listed under clause (i)(II)

1 so that the Secretary may assess whether
2 the applications submitted meet the eligi-
3 bility requirements under this section; and

4 “(iii) if no broadband service provider
5 submits information under clause (ii), con-
6 sider the number of providers in the group
7 or tract to be established by reference to—

8 “(I) the most current National
9 Broadband Map of the National Tele-
10 communications and Information Ad-
11 ministration; or

12 “(II) any other data regarding
13 the availability of broadband service
14 that the Secretary may collect or ob-
15 tain through reasonable efforts; and

16 “(E) may establish additional reporting
17 and information requirements for any recipient
18 of any assistance under this section so as to en-
19 sure compliance with this section.”;

20 (5) in subsection (e)—

21 (A) by redesignating paragraph (2) as
22 paragraph (3); and

23 (B) by striking paragraph (1) and insert-
24 ing the following:

1 “(1) IN GENERAL.—Subject to paragraph (2),
2 for purposes of this section, the minimum acceptable
3 level of broadband service for a rural area shall be
4 at least—

5 “(A) a 4-Mbps downstream transmission
6 capacity; and

7 “(B) a 1-Mbps upstream transmission ca-
8 pacity.

9 “(2) ADJUSTMENTS.—

10 “(A) IN GENERAL.—At least once every 2
11 years, the Secretary shall review, and may ad-
12 just, the minimum acceptable level of
13 broadband service established under paragraph
14 (1) to ensure that high quality, cost-effective
15 broadband service is provided to rural areas
16 over time.

17 “(B) CONSIDERATIONS.—In making an
18 adjustment to the minimum acceptable level of
19 broadband service under subparagraph (A), the
20 Secretary may consider establishing different
21 transmission rates for fixed broadband service
22 and mobile broadband service.”;

23 (6) in subsection (f), by striking “make a loan
24 or loan guarantee” and inserting “provide assist-
25 ance”;

1 (7) in subsection (g), by striking paragraph (2)
2 and inserting the following:

3 “(2) TERMS.—In determining the term and
4 conditions of a loan or loan guarantee, the Secretary
5 may—

6 “(A) consider whether the recipient would
7 be serving an area that is unserved; and

8 “(B) if the Secretary makes a determina-
9 tion in the affirmative under subparagraph (A),
10 establish a limited initial deferral period or
11 comparable terms necessary to achieve the fi-
12 nancial feasibility and long-term sustainability
13 of the project.”;

14 (8) in subsection (j)—

15 (A) in the matter preceding paragraph (1),
16 by striking “loan and loan guarantee”;

17 (B) in paragraph (1)—

18 (i) by inserting “grants and” after
19 “number of”; and

20 (ii) by inserting “, including any loan
21 terms or conditions for which the Secretary
22 provided additional assistance to unserved
23 areas” before the semicolon at the end;

24 (C) in paragraph (2)—

1 (i) in subparagraph (A), by striking
2 “loan”; and

3 (ii) in subparagraph (B), by striking
4 “loans and” and inserting “grants, loans,
5 and”;

6 (D) in paragraph (3), by striking “loan”;

7 (E) in paragraph (5), by striking “and” at
8 the end;

9 (F) in paragraph (6), by striking the pe-
10 riod at the end and inserting “; and”; and

11 (G) by adding at the end the following:

12 “(7) the overall progress towards fulfilling the
13 goal of improving the quality of rural life by expand-
14 ing rural broadband access, as demonstrated by
15 metrics, including—

16 “(A) the number of residences and busi-
17 nesses receiving new broadband services;

18 “(B) network improvements, including fa-
19 cility upgrades and equipment purchases;

20 “(C) average broadband speeds and prices
21 on a local and statewide basis;

22 “(D) any changes in broadband adoption
23 rates; and

24 “(E) any specific activities that increased
25 high speed broadband access for educational in-

1 stitutions, health care providers, and public
2 safety service providers.”; and

3 (9) by redesignating subsections (k) and (l) as
4 subsections (l) and (m), respectively;

5 (10) by inserting after subsection (j) the fol-
6 lowing:

7 “(k) BROADBAND BUILDOUT DATA.—

8 “(1) IN GENERAL.—As a condition of receiving
9 a grant, loan, or loan guarantee under this section,
10 a recipient of assistance shall provide to the Sec-
11 retary address-level broadband buildout data that in-
12 dicates the location of new broadband service that is
13 being provided or upgraded within the service terri-
14 tory supported by the grant, loan, or loan guar-
15 antee—

16 “(A) for purposes of inclusion in the semi-
17 annual updates to the National Broadband Map
18 that is managed by the National Telecommuni-
19 cations and Information Administration (re-
20 ferred to in this subsection as the ‘Administra-
21 tion’); and

22 “(B) not later than 30 days after the ear-
23 lier of—

1 “(i) the date of completion of any
2 project milestone established by the Sec-
3 retary; or

4 “(ii) the date of completion of the
5 project.

6 “(2) ADDRESS-LEVEL DATA.—Effective begin-
7 ning on the date the Administration receives data
8 described in paragraph (1), the Administration shall
9 use only address-level broadband buildout data for
10 the National Broadband Map.

11 “(3) CORRECTIONS.—

12 “(A) IN GENERAL.—The Secretary shall
13 submit to the Administration any correction to
14 the National Broadband Map that is based on
15 the actual level of broadband coverage within
16 the rural area, including any requests for a cor-
17 rection from an elected or economic develop-
18 ment official.

19 “(B) INCORPORATION.—Not later than 30
20 days after the date on which the Administration
21 receives a correction submitted under subpara-
22 graph (A), the Administration shall incorporate
23 the correction into the National Broadband
24 Map.

1 “(C) USE.—If the Secretary has submitted
2 a correction to the Administration under sub-
3 paragraph (A), but the National Broadband
4 Map has not been updated to reflect the correct
5 by the date on which the Secretary is making
6 a grant or loan award decision under this sec-
7 tion, the Secretary may use the correction sub-
8 mitted under that subparagraph for purposes of
9 make the grant or loan award decision.”;

10 (11) subsection (l) (as redesignated by para-
11 graph (9))—

12 (A) in paragraph (1)—

13 (i) by striking “\$25,000,000” and in-
14 serting “\$50,000,000”; and

15 (ii) by striking “2012” and inserting
16 “2017”; and

17 (B) in paragraph (2)(A)—

18 (i) in clause (i), by striking “and” at
19 the end;

20 (ii) in clause (ii), by striking the pe-
21 riod at the end and inserting “; and”; and

22 (iii) by adding at the end the fol-
23 lowing:

24 “(iii) set aside at least 1 percent to be
25 used for—

1 “(I) conducting oversight under
2 this section; and

3 “(II) implementing accountability
4 measures and related activities au-
5 thORIZED under this section.”; and

6 (12) in subsection (m) (as redesignated by
7 paragraph (9))—

8 (A) by striking “loan or” and inserting
9 “grant, loan, or”; and

10 (B) by striking “2012” and inserting
11 “2017”.

12 **Subtitle C—Miscellaneous**

13 **SEC. 6201. DISTANCE LEARNING AND TELEMEDICINE.**

14 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
15 2335A of the Food, Agriculture, Conservation, and Trade
16 Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking
17 “2012” and inserting “2017”.

18 (b) CONFORMING AMENDMENT.—Section 1(b) of
19 Public Law 102–551 (7 U.S.C. 950aaa note) is amended
20 by striking “2012” and inserting “2017”.

21 **SEC. 6202. RURAL ENERGY SAVINGS PROGRAM.**

22 Subtitle E of title VI of the Farm Security and Rural
23 Investment Act of 2002 (Public Law 107–171; 116 Stat.
24 424) is amended by adding at the end the following:

1 **“SEC. 6407. RURAL ENERGY SAVINGS PROGRAM.**

2 “(a) PURPOSE.—The purpose of this section is to cre-
3 ate jobs, promote rural development, and help rural fami-
4 lies and small businesses achieve cost savings by providing
5 loans to qualified consumers to implement durable cost-
6 effective energy efficiency measures.

7 “(b) DEFINITIONS.—In this section:

8 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
9 tity’ means—

10 “(A) any public power district, public util-
11 ity district, or similar entity, or any electric co-
12 operative described in section 501(c)(12) or
13 1381(a)(2) of the Internal Revenue Code of
14 1986, that borrowed and repaid, prepaid, or is
15 paying an electric loan made or guaranteed by
16 the Rural Utilities Service (or any predecessor
17 agency);

18 “(B) any entity primarily owned or con-
19 trolled by 1 or more entities described in sub-
20 paragraph (A); or

21 “(C) any other entity that is an eligible
22 borrower of the Rural Utility Service, as deter-
23 mined under section 1710.101 of title 7, Code
24 of Federal Regulations (or a successor regula-
25 tion).

1 “(2) ENERGY EFFICIENCY MEASURES.—The
2 term ‘energy efficiency measures’ means, for or at
3 property served by an eligible entity, structural im-
4 provements and investments in cost-effective, com-
5 mercial technologies to increase energy efficiency.

6 “(3) QUALIFIED CONSUMER.—The term ‘quali-
7 fied consumer’ means a consumer served by an eligi-
8 ble entity that has the ability to repay a loan made
9 under subsection (d), as determined by the eligible
10 entity.

11 “(4) SECRETARY.—The term ‘Secretary’ means
12 the Secretary of Agriculture, acting through the Ad-
13 ministrator of the Rural Utilities Service.

14 “(c) LOANS TO ELIGIBLE ENTITIES.—

15 “(1) IN GENERAL.—Subject to paragraph (2),
16 the Secretary shall make loans to eligible entities
17 that agree to use the loan funds to make loans to
18 qualified consumers for the purpose of implementing
19 energy efficiency measures.

20 “(2) REQUIREMENTS.—

21 “(A) IN GENERAL.—As a condition of re-
22 ceiving a loan under this subsection, an eligible
23 entity shall—

24 “(i) establish a list of energy effi-
25 ciency measures that is expected to de-

1 crease energy use or costs of qualified con-
2 sumers;

3 “(ii) prepare an implementation plan
4 for use of the loan funds, including use of
5 any interest to be received pursuant to
6 subsection (d)(1)(A);

7 “(iii) provide for appropriate measure-
8 ment and verification to ensure—

9 “(I) the effectiveness of the en-
10 ergy efficiency loans made by the eli-
11 gible entity; and

12 “(II) that there is no conflict of
13 interest in carrying out this section;
14 and

15 “(iv) demonstrate expertise in effec-
16 tive use of energy efficiency measures at
17 an appropriate scale.

18 “(B) REVISION OF LIST OF ENERGY EFFI-
19 CIENCY MEASURES.—Subject to the approval of
20 the Secretary, an eligible entity may update the
21 list required under subparagraph (A)(i) to ac-
22 count for newly available efficiency technologies.

23 “(C) EXISTING ENERGY EFFICIENCY PRO-
24 GRAMS.—An eligible entity that, at any time be-
25 fore the date that is 60 days after the date of

1 enactment of this section, has established an
2 energy efficiency program for qualified con-
3 sumers may use an existing list of energy effi-
4 ciency measures, implementation plan, or meas-
5 urement and verification system of that pro-
6 gram to satisfy the requirements of subpara-
7 graph (A) if the Secretary determines the list,
8 plan, or systems are consistent with the pur-
9 poses of this section.

10 “(3) NO INTEREST.—A loan under this sub-
11 section shall bear no interest.

12 “(4) REPAYMENT.—With respect to a loan
13 under paragraph (1)—

14 “(A) the term shall not exceed 20 years
15 from the date on which the loan is closed; and

16 “(B) except as provided in paragraph (6),
17 the repayment of each advance shall be amor-
18 tized for a period not to exceed 10 years.

19 “(5) AMOUNT OF ADVANCES.—Any advance of
20 loan funds to an eligible entity in any single year
21 shall not exceed 50 percent of the approved loan
22 amount.

23 “(6) SPECIAL ADVANCE FOR START-UP ACTIVI-
24 TIES.—

1 “(A) IN GENERAL.—In order to assist an
2 eligible entity in defraying the appropriate
3 start-up costs (as determined by the Secretary)
4 of establishing new programs or modifying ex-
5 isting programs to carry out subsection (d), the
6 Secretary shall allow an eligible entity to re-
7 quest a special advance.

8 “(B) AMOUNT.—No eligible entity may re-
9 ceive a special advance under this paragraph
10 for an amount that is greater than 4 percent of
11 the loan amount received by the eligible entity
12 under paragraph (1).

13 “(C) REPAYMENT.—Repayment of the spe-
14 cial advance—

15 “(i) shall be required during the 10-
16 year period beginning on the date on which
17 the special advance is made; and

18 “(ii) at the election of the eligible en-
19 tity, may be deferred to the end of the 10-
20 year period.

21 “(7) LIMITATION.—All special advances shall be
22 made under a loan described in paragraph (1) dur-
23 ing the first 10 years of the term of the loan.

24 “(d) LOANS TO QUALIFIED CONSUMERS.—

1 “(1) TERMS OF LOANS.—Loans made by an eli-
2 gible entity to qualified consumers using loan funds
3 provided by the Secretary under subsection (c)—

4 “(A) may bear interest, not to exceed 3
5 percent, to be used for purposes that include—

6 “(i) to establish a loan loss reserve;

7 and

8 “(ii) to offset personnel and program
9 costs of eligible entities to provide the
10 loans;

11 “(B) shall finance energy efficiency meas-
12 ures for the purpose of decreasing energy usage
13 or costs of the qualified consumer by an
14 amount that ensures, to the maximum extent
15 practicable, that a loan term of not more than
16 10 years will not pose an undue financial bur-
17 den on the qualified consumer, as determined
18 by the eligible entity;

19 “(C) shall not be used to fund purchases
20 of, or modifications to, personal property unless
21 the personal property is or becomes attached to
22 real property (including a manufactured home)
23 as a fixture;

24 “(D) shall be repaid through charges
25 added to the electric bill for the property for, or

1 at which, energy efficiency measures are or will
2 be implemented, on the condition that this re-
3 quirement does not prohibit—

4 “(i) the voluntary prepayment of a
5 loan by the owner of the property; or

6 “(ii) the use of any additional repay-
7 ment mechanisms that are—

8 “(I) demonstrated to have appro-
9 priate risk mitigation features, as de-
10 termined by the eligible entity; or

11 “(II) required if the qualified
12 consumer is no longer a customer of
13 the eligible entity; and

14 “(E) shall require an energy audit by an
15 eligible entity to determine the impact of pro-
16 posed energy efficiency measures on the energy
17 costs and consumption of the qualified con-
18 sumer.

19 “(2) CONTRACTORS.—In addition to any other
20 qualified general contractor, eligible entities may
21 serve as general contractors.

22 “(e) CONTRACT FOR MEASUREMENT AND
23 VERIFICATION, TRAINING, AND TECHNICAL ASSIST-
24 ANCE.—

1 “(1) IN GENERAL.—Not later than 90 days
2 after the date of enactment of this section, the Sec-
3 retary—

4 “(A) shall establish a plan for measure-
5 ment and verification, training, and technical
6 assistance of the program; and

7 “(B) may enter into 1 or more contracts
8 with a qualified entity for the purposes of—

9 “(i) providing measurement and
10 verification activities; and

11 “(ii) developing a program to provide
12 technical assistance and training to the
13 employees of eligible entities to carry out
14 this section.

15 “(2) USE OF SUBCONTRACTORS AUTHOR-
16 IZED.—A qualified entity that enters into a contract
17 under paragraph (1) may use subcontractors to as-
18 sist the qualified entity in carrying out the contract.

19 “(f) FAST START DEMONSTRATION PROJECTS.—

20 “(1) IN GENERAL.—The Secretary shall offer to
21 enter into agreements with eligible entities (or
22 groups of eligible entities) that have energy effi-
23 ciency programs described in subsection (e)(2)(C) to
24 establish an energy efficiency loan demonstration
25 projects consistent with the purposes of this section.

1 “(2) EVALUATION CRITERIA.—In determining
2 which eligible entities to award loans under this sec-
3 tion, the Secretary shall take into consideration eligi-
4 ble entities that—

5 “(A) implement approaches to energy au-
6 dits and investments in energy efficiency meas-
7 ures that yield measurable and predictable sav-
8 ings;

9 “(B) use measurement and verification
10 processes to determine the effectiveness of en-
11 ergy efficiency loans made by eligible entities;

12 “(C) include training for employees of eli-
13 gible entities, including any contractors of such
14 entities, to implement or oversee the activities
15 described in subparagraphs (A) and (B);

16 “(D) provide for the participation of a ma-
17 jority of eligible entities in a State;

18 “(E) reduce the need for generating capac-
19 ity;

20 “(F) provide efficiency loans to—

21 “(i) in the case of a single eligible en-
22 tity, not fewer than 20,000 consumers; or

23 “(ii) in the case of a group of eligible
24 entities, not fewer than 80,000 consumers;

25 and

1 “(G) serve areas in which, as determined
2 by the Secretary, a large percentage of con-
3 sumers reside—

4 “(i) in manufactured homes; or

5 “(ii) in housing units that are more
6 than 50 years old.

7 “(3) DEADLINE FOR IMPLEMENTATION.—To
8 the maximum extent practicable, the Secretary shall
9 enter into agreements described in paragraph (1) by
10 not later than 90 days after the date of enactment
11 of this section.

12 “(4) EFFECT ON AVAILABILITY OF LOANS NA-
13 TIONALLY.—Nothing in this subsection shall delay
14 the availability of loans to eligible entities on a na-
15 tional basis beginning not later than 180 days after
16 the date of enactment of this section.

17 “(5) ADDITIONAL DEMONSTRATION PROJECT
18 AUTHORITY.—

19 “(A) IN GENERAL.—The Secretary may
20 conduct demonstration projects in addition to
21 the project required by paragraph (1).

22 “(B) INAPPLICABILITY OF CERTAIN CRI-
23 TERIA.—The additional demonstration projects
24 may be carried out without regard to subpara-
25 graphs (D), (F), or (G) of paragraph (2).

1 “(g) ADDITIONAL AUTHORITY.—The authority pro-
2 vided in this section is in addition to any other authority
3 of the Secretary to offer loans under any other law.

4 “(h) EFFECTIVE PERIOD.—Subject to the availability
5 of funds and except as otherwise provided in this section,
6 the loans and other expenditures required to be made
7 under this section shall be available until expended, with
8 the Secretary authorized to make new loans as loans are
9 repaid.

10 “(i) REGULATIONS.—

11 “(1) IN GENERAL.—Except as otherwise pro-
12 vided in this subsection, not later than 180 days
13 after the date of enactment of this section, the Sec-
14 retary shall promulgate such regulations as are nec-
15 essary to implement this section.

16 “(2) PROCEDURE.—The promulgation of the
17 regulations and administration of this section shall
18 be made without regard to—

19 “(A) the Statement of Policy of the Sec-
20 retary of Agriculture effective July 24, 1971
21 (36 Fed. Reg. 13804), relating to notices of
22 proposed rulemaking and public participation in
23 rulemaking; and

1 “(B) chapter 35 of title 44, United States
2 Code (commonly known as the ‘Paperwork Re-
3 duction Act’).

4 “(3) CONGRESSIONAL REVIEW OF AGENCY
5 RULEMAKING.—In carrying out this section, the Sec-
6 retary shall use the authority provided under section
7 808 of title 5, United States Code.

8 “(4) INTERIM REGULATIONS.—Notwithstanding
9 paragraphs (1) and (2), to the extent regulations are
10 necessary to carry out any provision of this section,
11 the Secretary shall implement such regulations
12 through the promulgation of an interim rule.”.

13 **SEC. 6203. FUNDING OF PENDING RURAL DEVELOPMENT**
14 **LOAN AND GRANT APPLICATIONS.**

15 (a) IN GENERAL.—The Secretary shall use funds
16 made available under subsection (b) to provide funds for
17 applications that are pending on the date of enactment
18 of this Act in accordance with the terms and conditions
19 of section 6029 of the Food, Conservation, and Energy
20 Act of 2008 (Public Law 110–246; 122 Stat. 1955).

21 (b) FUNDING.—Notwithstanding any other provision
22 of law, beginning in fiscal year 2014, of the funds of the
23 Commodity Credit Corporation, the Secretary shall use to
24 carry out this section \$50,000,000, to remain available
25 until expended.

1 **SEC. 6204. STUDY OF RURAL TRANSPORTATION ISSUES.**

2 (a) IN GENERAL.—The Secretary and the Secretary
3 of Transportation shall jointly conduct a study of trans-
4 portation issues regarding the movement of agricultural
5 products, domestically produced renewable fuels, and do-
6 mestically produced resources for the production of elec-
7 tricity for rural areas of the United States, and economic
8 development in those areas.

9 (b) INCLUSIONS.—The study shall include an exam-
10 ination of—

11 (1) the importance of freight transportation, in-
12 cluding rail, truck, and barge, to—

13 (A) the delivery of equipment, seed, fer-
14 tilizer, and other products important to the de-
15 velopment of agricultural commodities and
16 products;

17 (B) the movement of agricultural commod-
18 ities and products to market;

19 (C) the delivery of ethanol and other re-
20 newable fuels;

21 (D) the delivery of domestically produced
22 resources for use in the generation of electricity
23 for rural areas;

24 (E) the location of grain elevators, ethanol
25 plants, and other facilities;

1 (F) the development of manufacturing fa-
2 cilities in rural areas; and

3 (G) the vitality and economic development
4 of rural communities;

5 (2) the sufficiency in rural areas of transpor-
6 tation capacity, the sufficiency of competition in the
7 transportation system, the reliability of transpor-
8 tation services, and the reasonableness of transpor-
9 tation rates;

10 (3) the sufficiency of facility investment in rural
11 areas necessary for efficient and cost-effective trans-
12 portation; and

13 (4) the accessibility to shippers in rural areas
14 of Federal processes for the resolution of grievances
15 arising within various transportation modes.

16 (c) REPORT TO CONGRESS.—Not later than 1 year
17 after the date of enactment of this Act, the Secretary and
18 the Secretary of Transportation shall submit a report to
19 Congress that contains the results of the study required
20 under subsection (a).

21 (d) PERIODIC UPDATES.—The Secretary and the
22 Secretary of Transportation shall publish triennially an
23 updated version of the study described in subsection (a).

1 **SEC. 6205. AGRICULTURAL TRANSPORTATION POLICY.**

2 Section 203 of the Agricultural Marketing Act of
3 1946 (7 U.S.C. 1622) is amended by striking subsection
4 (j) and inserting the following:

5 “(j) **POLICY DEVELOPMENT PROCEEDINGS.**—The
6 Secretary shall participate on behalf of the interests of ag-
7 riculture and rural America in all policy development pro-
8 ceedings or other proceedings of the Surface Transpor-
9 tation Board that may establish freight rail transportation
10 policy affecting agriculture and rural America.”.

11 **TITLE VII—RESEARCH, EXTEN-**
12 **SION, AND RELATED MAT-**
13 **TERS**

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-**
26 **VISORY BOARD.**—Section 1408(c) of the National Agricul-

1 tural Research, Extension, and Teaching Policy Act of
2 1977 (7 U.S.C. 3123(c)) is amended—

3 (1) in paragraph (3), by striking “and” at the
4 end;

5 (2) in paragraph (4)(C), by striking the period
6 at the end and inserting “; and”; and

7 (3) by adding at the end the following:

8 “(5) consult with industry groups on agricul-
9 tural research, extension, education, and economics,
10 and make recommendations to the Secretary based
11 on that consultation.”.

12 **SEC. 7102. SPECIALTY CROP COMMITTEE.**

13 Section 1408A of the National Agricultural Research,
14 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
15 3123a) is amended—

16 (1) in subsection (b)—

17 (A) by striking “Individuals” and inserting
18 the following:

19 “(1) ELIGIBILITY.—Individuals”;

20 (B) by striking “Members” and inserting
21 the following:

22 “(2) SERVICE.—Members”; and

23 (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 jections, rural development analysis, agricul-
2 tural policy analysis, and baseline projections at
3 the farm, multiregional, national, and inter-
4 national levels,” after “with this section”; and

5 (B) in paragraph (2) by inserting “ap-
6 plied” after “theoretical”; and

7 (5) by striking subsection (d) and inserting the
8 following: “

9 “(d) **AUTHORIZATION OF APPROPRIATIONS.**—There
10 is authorized to be appropriated to carry out this section
11 \$5,000,000 for fiscal year 2012 and each fiscal year there-
12 after.”.

13 **SEC. 7106. EDUCATION GRANTS TO ALASKA NATIVE SERV-**
14 **ING INSTITUTIONS AND NATIVE HAWAIIAN**
15 **SERVING INSTITUTIONS.**

16 Section 1419B of the National Agricultural Research,
17 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
18 3156) is amended—

19 (1) in subsection (a)—

20 (A) in paragraph (1), by striking “(or
21 grants without regard to any requirement for
22 competition)”; and

23 (B) in paragraph (3), by striking “2012”
24 and inserting “2017”; and

1 (2) in subsection (b)(1), by striking “(or grants
2 without regard to any requirement for competi-
3 tion)”; and

4 (3) in paragraph (3), by striking “2012” and
5 inserting “2017”.

6 **SEC. 7107. NUTRITION EDUCATION PROGRAM.**

7 Section 1425(f) of the National Agricultural Re-
8 search, Extension, and Teaching Policy Act of 1977 (7
9 U.S.C. 3175(f)) is amended by striking “2012” and in-
10 serting “2017”.

11 **SEC. 7108. CONTINUING ANIMAL HEALTH AND DISEASE RE-**
12 **SEARCH PROGRAMS.**

13 Section 1433 of the National Agricultural Research,
14 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
15 3195) is amended by striking the section designation and
16 heading and all that follows through subsection (a) and
17 inserting the following:

18 **“SEC. 1433. APPROPRIATIONS FOR CONTINUING ANIMAL**
19 **HEALTH AND DISEASE RESEARCH PRO-**
20 **GRAMS.**

21 “(a) AUTHORIZATION OF APPROPRIATIONS.—

22 “(1) IN GENERAL.—There are authorized to be
23 appropriated to support continuing animal health
24 and disease research programs at eligible institutions
25 such sums as are necessary, but not to exceed

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);

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; and

23 (C) by adding at the end the following:

24 “(10) CORN, SOYBEAN MEAL, CEREAL GRAINS,
25 AND GRAIN BYPRODUCTS RESEARCH AND EXTEN-

1 SION.—Research and extension grants may be made
2 under this section for the purpose of carrying out or
3 enhancing research to improve the digestibility, nu-
4 tritional value, and efficiency of use of corn, soybean
5 meal, cereal grains, and grain byproducts for the
6 poultry and food animal production industries.”;

7 (4) by striking subsections (f), (g), and (i);

8 (5) by inserting after subsection (e) the fol-
9 lowing:

10 “(f) PULSE HEALTH INITIATIVE.—

11 “(1) DEFINITIONS.—In this subsection;

12 “(A) INITIATIVE.—The term ‘Initiative’
13 means the pulse health initiative established by
14 paragraph (2).

15 “(B) PULSE.—The term ‘pulse’ means dry
16 beans, dry peas, lentils, and chickpeas or
17 garbanzo beans.

18 “(2) ESTABLISHMENT.—Notwithstanding any
19 other provision of law, during the period beginning
20 on the date of enactment of the Agriculture Reform,
21 Food, and Jobs Act of 2012 and ending on Sep-
22 tember 30, 2017, the Secretary shall carry out a
23 pulse crop health and extension initiative to address
24 the critical needs of the pulse crop industry by devel-

1 oping and disseminating science-based tools and in-
2 formation, including—

3 “(A) research in health and nutrition, such
4 as—

5 “(i) identifying global dietary patterns
6 of pulse crops in relation to population
7 health;

8 “(ii) researching pulse crop diets and
9 the ability of the diets to reduce obesity
10 and associated chronic disease (including
11 cardiovascular disease, type 2 diabetes,
12 and cancer); and

13 “(iii) identifying the underlying mech-
14 anisms of the health benefits of pulse crop
15 consumption (including disease biomarkers,
16 bioactive components, and relevant plant
17 genetic components to enhance the health
18 promoting value of pulse crops);

19 “(B) research in functionality, such as—

20 “(i) improving the functional prop-
21 erties of pulse crops and pulse fractions;

22 “(ii) developing new and innovative
23 technologies to improve pulse crops as an
24 ingredient in food products; and

1 “(iii) developing nutrient-dense food
2 product solutions to ameliorate chronic dis-
3 ease and enhance food security worldwide;

4 “(C) research in sustainability to enhance
5 global food security, such as—

6 “(i) plant breeding, genetics and
7 genomics to improve productivity, nutrient
8 density, and phytonutrient content for a
9 growing world population;

10 “(ii) pest and disease management,
11 including resistance to pests and diseases
12 resulting in reduced application manage-
13 ment strategies; and

14 “(iii) improving nitrogen fixation to
15 reduce the carbon and energy footprint of
16 agriculture;

17 “(D) optimizing pulse cropping systems to
18 reduce water usage; and

19 “(E) education and technical service, such
20 as—

21 “(i) providing technical expertise to
22 help food companies include nutrient-dense
23 pulse crops in innovative and healthy
24 foods; and

1 “(ii) establishing an educational pro-
2 gram to encourage the consumption and
3 production of pulse crops in the United
4 States and other countries.

5 “(3) ELIGIBLE ENTITIES.—The Secretary may
6 carry out the Initiative through—

7 “(A) Federal agencies, including the Agri-
8 cultural Research Service and the National In-
9 stitute of Food and Agriculture;

10 “(B) National Laboratories;

11 “(C) institutions of higher education;

12 “(D) research institutions or organizations;

13 “(E) private organizations or corporations;

14 “(F) State agricultural experiment sta-
15 tions;

16 “(G) individuals; or

17 “(H) groups consisting of 2 or more enti-
18 ties or individuals described in subparagraphs
19 (A) through (G).

20 “(4) RESEARCH PROJECT GRANTS.—

21 “(A) IN GENERAL.—In carrying out this
22 subsection, the Secretary shall award grants on
23 a competitive basis.

24 “(B) IN GENERAL.—The Secretary shall—

1 “(i) seek and accept proposals for
2 grants;

3 “(ii) determine the relevance and
4 merit of proposals through a system of
5 peer review, in consultation with the pulse
6 crop industry; and

7 “(iii) award grants on the basis of
8 merit, quality, and relevance.

9 “(C) PRIORITIES.—In making grants
10 under this subsection, the Secretary shall pro-
11 vide a higher priority to projects that—

12 “(i) are multistate, multiinstitutional,
13 and multidisciplinary; and

14 “(ii) include explicit mechanisms to
15 communicate results to the pulse crop in-
16 dustry and the public.

17 “(5) AUTHORIZATION OF APPROPRIATIONS.—
18 There is authorized to be appropriated to carry out
19 this subsection \$25,000,000 for each of fiscal years
20 2013 through 2017.

21 “(g) TRAINING COORDINATION FOR FOOD AND AGRI-
22 CULTURE PROTECTION.—

23 “(1) IN GENERAL.—The Secretary shall make
24 grants and enter into contracts or cooperative agree-
25 ments with eligible entities described in paragraph

1 (2) for the purposes of establishing a Comprehensive
2 Food Safety Training Network.

3 “(2) ELIGIBILITY.—

4 “(A) IN GENERAL.—For purposes of this
5 subsection, an eligible entity is a multiinstitu-
6 tional consortium that includes—

7 “(i) a nonprofit institution that pro-
8 vides administering food protection train-
9 ing; and

10 “(ii) 1 or more training centers in in-
11 stitutions of higher education that have
12 demonstrated expertise in developing and
13 delivering community-based training in
14 food and agricultural safety and defense.

15 “(B) REQUIREMENTS.—To ensure that co-
16 ordination and administration is provided
17 across all the disciplines and provide com-
18 prehensive food protection training, the Sec-
19 retary may only consider an entire consortium
20 collectively rather than on an institution-by-in-
21 stitution basis.

22 “(C) MEMBERSHIP.—An eligible entity
23 may alter the consortium membership to meet
24 specific training expertise needs.

1 “(3) DUTIES OF ELIGIBLE ENTITY.—As a con-
2 dition of the receipt of assistance under this sub-
3 section, an eligible entity, in cooperation with the
4 Secretary, shall establish and maintain the network
5 for an internationally integrated training system to
6 enhance protection of the United States food supply,
7 including, at a minimum—

8 “(A) developing curricula and a training
9 network to provide basic, technical, manage-
10 ment, and leadership training to regulatory and
11 public health officials, producers, processors,
12 and other agrifood businesses;

13 “(B) serving as the hub for the adminis-
14 tration of an open training network;

15 “(C) implementing standards to ensure the
16 delivery of quality training through a national
17 curricula;

18 “(D) building and overseeing a nationally
19 recognized instructor cadre to ensure the avail-
20 ability of highly qualified instructors;

21 “(E) reviewing training proposed through
22 the National Institute of Food and Agriculture
23 and other relevant Federal agencies that report
24 to the Secretary on the quality and content of
25 proposed and existing courses;

1 “(F) assisting Federal agencies in the im-
2 plementation of food protection training re-
3 quirements including requirements contained in
4 the Agriculture Reform, Food, and Jobs Act of
5 2012, the FDA Food Safety Modernization Act
6 (Public Law 111–353; 124 Stat. 3885), and
7 amendments made by those Acts; and

8 “(G) performing evaluation and outcome-
9 based studies to provide to the Secretary feed-
10 back on the effectiveness and impact of training
11 and metrics on jurisdictions and sectors within
12 the food safety system.

13 “(4) AUTHORIZATION OF APPROPRIATIONS.—
14 There is authorized to be appropriated to carry out
15 this section \$20,000,000 for each of fiscal years
16 2013 through 2017, to remain available until ex-
17 pended.”;

18 (6) in subsection (h), by striking “2012” each
19 place it appears and inserting “2017”;

20 (7) by redesignating subsection (j) as sub-
21 section (i); and

22 (8) in subsection (i) (as so redesignated), by
23 striking “2012” and inserting “2017”.

1 **SEC. 7208. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**
2 **SION INITIATIVE.**

3 Section 1672B of the Food, Agriculture, Conserva-
4 tion, and Trade Act of 1990 (7 U.S.C. 5925b) is amend-
5 ed—

6 (1) in subsection (a)—

7 (A) in the matter preceding paragraph (1),
8 by inserting “, education,” after “support re-
9 search”;

10 (B) in paragraph (1), by inserting “and
11 improvement” after “development”;

12 (C) in paragraph (2), by striking “to pro-
13 ducers and processors who use organic meth-
14 ods” and inserting “of organic agricultural pro-
15 duction and methods to producers, processors,
16 and rural communities”;

17 (D) in paragraph (5), by inserting “and
18 researching solutions to” after “identifying”;
19 and

20 (E) in paragraph (6), by striking “and
21 marketing” and inserting “, marketing, and
22 food safety”;

23 (2) by striking subsection (e);

24 (3) by redesignating subsection (f) as sub-
25 section (e); and

26 (4) in subsection (e) (as so redesignated)—

1 (A) in paragraph (1)—

2 (i) in subparagraph (A), by striking
3 “and” at the end;

4 (ii) in subparagraph (B), by striking
5 the period at the end and inserting “;
6 and”; and

7 (iii) by adding at the end the fol-
8 lowing:

9 “(C) \$16,000,000 for each of fiscal years
10 2013 through 2017.”; and

11 (B) in paragraph (2), by striking “2012”
12 and inserting “2017”.

13 **SEC. 7209. FARM BUSINESS MANAGEMENT.**

14 Section 1672D(d) of the Food, Agriculture, Con-
15 servation, and Trade Act of 1990 (7 U.S.C. 5925f(d)) is
16 amended by striking “such sums as are necessary to carry
17 out this section.” and inserting the following: “to carry
18 out this section—

19 “(1) such sums as are necessary for fiscal year
20 2012; and

21 “(2) \$5,000,000 for each of fiscal years 2013
22 through 2017.”.

1 **SEC. 7210. REGIONAL CENTERS OF EXCELLENCE.**

2 Subtitle H of the Food, Agriculture, Conservation,
3 and Trade Act of 1990 is amended by inserting after sec-
4 tion 1672D (7 U.S.C. 5925) the following:

5 **“SEC. 1673. REGIONAL CENTERS OF EXCELLENCE.**

6 “(a) ESTABLISHMENT.—The Secretary may
7 prioritize regional centers of excellence established for spe-
8 cific agricultural commodities for the receipt of funding.

9 “(b) COMPOSITION.—A regional center of excellence
10 shall be composed of 1 or more colleges and universities
11 (including land-grant institutions, schools of forestry,
12 schools of veterinary medicine, or NLGCA Institutions (as
13 defined in section 1404 of the National Agricultural Re-
14 search, Extension, and Teaching Policy Act of 1977 (7
15 U.S.C. 3103))) that provide financial support to the re-
16 gional center of excellence.

17 “(c) CRITERIA FOR REGIONAL CENTERS OF EXCEL-
18 LENCE.—The criteria for consideration to be a regional
19 center of excellence shall include efforts—

20 “(1) to ensure coordination and cost-effective-
21 ness by reducing unnecessarily duplicative efforts re-
22 garding research, teaching, and extension;

23 “(2) to leverage available resources by using
24 public/private partnerships among agricultural in-
25 dustry groups, institutions of higher education, and
26 the Federal Government;

1 “(3) to implement teaching initiatives to in-
2 crease awareness and effectively disseminate solu-
3 tions to target audiences through extension activi-
4 ties;

5 “(4) to increase the economic returns to rural
6 communities by identifying, attracting, and directing
7 funds to high-priority agricultural issues; and

8 “(5) to improve teaching capacity and infra-
9 structure at colleges and universities (including land-
10 grant institutions, schools of forestry, and schools of
11 veterinary medicine, and NLGCA Institutions).

12 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
13 is authorized to be appropriated to carry out this section
14 \$10,000,000 for each of fiscal years 2013 through 2017.”.

15 **SEC. 7211. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**
16 **ERS WITH DISABILITIES.**

17 Section 1680(c)(1) of the Food, Agriculture, Con-
18 servation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1))
19 is amended—

20 (1) by striking “is” and inserting “are”; and

21 (2) by striking “section” and all that follows
22 and inserting the following: “section—

23 “(A) \$6,000,000 for each of fiscal years
24 1999 through 2012; and

1 “(B) \$5,000,000 for each of fiscal years
2 2013 through 2017.”.

3 **SEC. 7212. NATIONAL RURAL INFORMATION CENTER**
4 **CLEARINGHOUSE.**

5 Section 2381(e) of the Food, Agriculture, Conserva-
6 tion, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is
7 amended by striking “2012” and inserting “2017”.

8 **Subtitle C—Agricultural Research,**
9 **Extension, and Education Re-**
10 **form Act of 1998**

11 **SEC. 7301. RELEVANCE AND MERIT OF AGRICULTURAL RE-**
12 **SEARCH, EXTENSION, AND EDUCATION FUND-**
13 **ED BY THE DEPARTMENT.**

14 Section 103(a)(2) of the Agricultural Research, Ex-
15 tension, and Education Reform Act of 1998 (7 U.S.C.
16 7613(a)(2)) is amended—

17 (1) by striking the paragraph designation and
18 heading and inserting the following:

19 “(2) RELEVANCE AND MERIT REVIEW OF RE-
20 SEARCH, EXTENSION, AND EDUCATION GRANTS.—”;

21 (2) in subparagraph (A)—

22 (A) by inserting “relevance and” before
23 “merit”; and

1 (B) by striking “extension or education”
2 and inserting, “research, extension, or edu-
3 cation”; and

4 (3) in subparagraph (B) by inserting “on a con-
5 tinuous basis” after “procedures”.

6 **SEC. 7302. INTEGRATED RESEARCH, EDUCATION, AND EX-**
7 **TENSION COMPETITIVE GRANTS PROGRAM.**

8 Section 406(f) of the Agricultural Research, Exten-
9 sion, and Education Reform Act of 1998 (7 U.S.C.
10 7626(f)) is amended by striking “2012” and inserting
11 “2017”.

12 **SEC. 7303. SUPPORT FOR RESEARCH REGARDING DISEASES**
13 **OF WHEAT, TRITICALE, AND BARLEY CAUSED**
14 **BY FUSARIUM GRAMINEARUM OR BY**
15 **TILLETIA INDICA.**

16 Section 408(e) of the Agricultural Research, Exten-
17 sion, and Education Reform Act of 1998 (7 U.S.C.
18 7628(e)) is amended by striking “such sums as may be
19 necessary for each of fiscal years 1999 through 2012” and
20 inserting “\$10,000,000 for each of fiscal years 2013
21 through 2017”.

22 **SEC. 7304. GRANTS FOR YOUTH ORGANIZATIONS.**

23 Section 410(d) of the Agricultural Research, Exten-
24 sion, and Education Reform Act of 1998 (7 U.S.C.
25 7630(d)) is amended by striking “section such sums as

1 are necessary” and all that follows and inserting the fol-
2 lowing: “section—

3 “(1) such sums as are necessary for each of fis-
4 cal years 2008 through 2012; and

5 “(2) \$3,000,000 for each of fiscal years 2013
6 through 2017.”.

7 **SEC. 7305. SPECIALTY CROP RESEARCH INITIATIVE.**

8 Section 412 of the Agricultural Research, Extension,
9 and Education Reform Act of 1998 (7 U.S.C. 7632) is
10 amended—

11 (1) in subsection (b)(3), by inserting “handling
12 and processing,” after “production efficiency,”;

13 (2) in subsection (e)—

14 (A) in paragraph (1)—

15 (i) in subparagraph (B), by striking
16 “and” at the end;

17 (ii) in subparagraph (C), by striking
18 the period at the end and inserting “;
19 and”;

20 (iii) by inserting after subparagraph
21 (C) the following:

22 “(D) consult with the specialty crops com-
23 mittee authorized under section 1408A of the
24 National Agricultural Research, Extension, and

1 Teaching Policy Act of 1977 (7 U.S.C. 3123a)
2 during the peer and merit review process.”; and

3 (B) in paragraph (3), by striking “non-
4 Federal” and all that follows through the end
5 of the paragraph and inserting “other sources
6 in an amount that is at least equal to the
7 amount provided by a grant received under this
8 section.”; and

9 (3) in subsection (h)—

10 (A) in paragraph (1)—

11 (i) by striking “(1) IN GENERAL.—Of
12 the funds” and inserting the following:

13 “(1) MANDATORY FUNDING.—

14 “(A) IN GENERAL.—Of the funds”; and

15 (ii) by adding at the end the fol-
16 lowing:

17 “(B) SUBSEQUENT FUNDING.—Of the
18 funds of the Commodity Credit Corporation, the
19 Secretary shall make available to carry out this
20 section—

21 “(i) \$25,000,000 for fiscal year 2013;

22 “(ii) \$30,000,000 for each of fiscal
23 years 2014 and 2015;

24 “(iii) \$65,000,000 for fiscal year
25 2016; and

1 “(iv) \$50,000,000 for fiscal year 2017
2 and each fiscal year thereafter.”; and

3 (B) in paragraph (2), by striking “2012”
4 and inserting “2017”.

5 **SEC. 7306. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE**
6 **PROGRAM.**

7 Section 604(e) of the Agricultural Research, Exten-
8 sion, and Education Reform Act of 1998 (7 U.S.C.
9 7642(e)) is amended by striking “2012” and inserting
10 “2017”.

11 **SEC. 7307. OFFICE OF PEST MANAGEMENT POLICY.**

12 Section 614(f) of the Agricultural Research, Exten-
13 sion, and Education Reform Act of 1998 (7 U.S.C.
14 7653(f)) 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 1999 through 2012; and

21 “(2) \$3,000,000 for each of fiscal years 2013
22 through 2017.”.

1 **SEC. 7308. AUTHORIZATION OF REGIONAL INTEGRATED**
2 **PEST MANAGEMENT CENTERS.**

3 Subtitle B of title VI of the Agricultural Research,
4 Extension, and Education Reform Act of 1998 (7 U.S.C.
5 7651 et seq.) is amended by adding at the end the fol-
6 lowing:

7 **“SEC. 621. AUTHORIZATION OF REGIONAL INTEGRATED**
8 **PEST MANAGEMENT CENTERS.**

9 “(a) IN GENERAL.—There are established 4 regional
10 integrated pest management centers (referred to in this
11 section as the ‘Centers’), which shall be located at such
12 specific locations in the north central, northeastern, south-
13 ern, and western regions of the United States as the Sec-
14 retary shall specify.

15 “(b) PURPOSES.—The purposes of the Centers shall
16 be—

17 “(1) to strengthen the connection of the De-
18 partment with production agriculture, research, and
19 extension programs, and agricultural stakeholders
20 throughout the United States;

21 “(2) to increase the effectiveness of providing
22 pest management solutions for the private and pub-
23 lic sectors;

24 “(3) to quickly respond to information needs of
25 the public and private sectors; and

1 “(4) to improve communication among the rel-
2 evant stakeholders.

3 “(c) DUTIES.—In meeting the purposes described in
4 subsection (b) and otherwise carrying out this section, the
5 Centers shall—

6 “(1) develop regional strategies to address pest
7 management needs;

8 “(2) assist the Department and partner institu-
9 tions of the Department in identifying, prioritizing,
10 and coordinating a national pest management re-
11 search, extension, and education program imple-
12 mented on a regional basis;

13 “(3) establish a national pest management com-
14 munication network that includes—

15 “(A) the agencies of the Department and
16 other government agencies;

17 “(B) scientists at institutions of higher
18 education; and

19 “(C) stakeholders focusing on pest man-
20 agement issues;

21 “(4) serve as regional hubs responsible for en-
22 suring efficient access to pest management expertise
23 and data available through institutions of higher
24 education; and

1 “(5) on behalf of the Department, manage
2 grants that can be most effectively and efficiently
3 delivered at the regional level, as determined by the
4 Secretary.”.

5 **Subtitle D—Other Laws**

6 **SEC. 7401. CRITICAL AGRICULTURAL MATERIALS ACT.**

7 Section 16(a) of the Critical Agricultural Materials
8 Act (7 U.S.C. 178n(a)) is amended—

9 (1) by striking “such sums as are necessary”;
10 and

11 (2) by striking “Act” and all that follows and
12 inserting the following: “Act—

13 “(1) such sums as are necessary for each of fis-
14 cal years 1991 through 2012; and

15 “(2) \$2,000,000 for each of fiscal years 2013
16 through 2017.”.

17 **SEC. 7402. EQUITY IN EDUCATIONAL LAND-GRANT STATUS** 18 **ACT OF 1994.**

19 (a) DEFINITION OF 1994 INSTITUTIONS.—Section
20 532 of the Equity in Educational Land-Grant Status Act
21 of 1994 (7 U.S.C. 301 note; Public Law 103–382) is
22 amended to read as follows:

23 **“SEC. 532. DEFINITION OF 1994 INSTITUTIONS.**

24 “**In this part, the term ‘1994 Institutions’ means any**
25 1 of the following:

- 1 “(1) Aaniiih Nakoda College.
- 2 “(2) Bay Mills Community College.
- 3 “(3) Blackfeet Community College.
- 4 “(4) Cankdeska Cikana Community College.
- 5 “(5) Chief Dull Knife Memorial College.
- 6 “(6) College of Menominee Nation.
- 7 “(7) College of the Muscogee Nation.
- 8 “(8) Comanche Nation College.
- 9 “(9) D-Q University.
- 10 “(10) Dine College.
- 11 “(11) Fond du Lac Tribal and Community Col-
12 lege.
- 13 “(12) Fort Berthold Community College.
- 14 “(13) Fort Peck Community College.
- 15 “(14) Haskell Indian Nations University.
- 16 “(15) Ilisagvik College.
- 17 “(16) Institute of American Indian and Alaska
18 Native Culture and Arts Development.
- 19 “(17) Keweenaw Bay Ojibwa Community Col-
20 lege.
- 21 “(18) Lac Courte Oreilles Ojibwa Community
22 College.
- 23 “(19) Leech Lake Tribal College.
- 24 “(20) Little Big Horn College.
- 25 “(21) Little Priest Tribal College.

- 1 “(22) Navajo Technical College.
2 “(23) Nebraska Indian Community College.
3 “(24) Northwest Indian College.
4 “(25) Oglala Lakota College.
5 “(26) Saginaw Chippewa Tribal College.
6 “(27) Salish Kootenai College.
7 “(28) Sinte Gleska University.
8 “(29) Sisseton Wahpeton College.
9 “(30) Sitting Bull College.
10 “(31) Southwestern Indian Polytechnic Insti-
11 tute.
12 “(32) Stone Child College.
13 “(33) Tohono O’odham Community College.
14 “(34) Turtle Mountain Community College.
15 “(35) United Tribes Technical College.
16 “(36) White Earth Tribal and Community Col-
17 lege.”.

18 (b) ENDOWMENT FOR 1994 INSTITUTIONS.—

19 (1) IN GENERAL.—Section 533 of the Equity in
20 Educational Land-Grant Status Act of 1994 (7
21 U.S.C. 301 note; Public Law 103–382) is amend-
22 ed—

- 23 (A) in subsection (a)(2)(A)(ii), by striking
24 “of such Act as added by section 534(b)(1) of
25 this part” and inserting “of that Act (7 U.S.C.

1 343(b)(3)) and for programs for children,
2 youth, and families at risk and for Federally
3 recognized tribes implemented under section
4 3(d) of that Act (7 U.S.C. 343(d))”; and

5 (B) in subsection (b), in the first sentence
6 by striking “2012” and inserting “2017”.

7 (2) CONFORMING AMENDMENT.—Section 3(d)
8 of the Smith-Lever Act (7 U.S.C. 343(d)) is amend-
9 ed in the second sentence by inserting “and, in the
10 case of programs for children, youth, and families at
11 risk and for Federally recognized tribes, the 1994
12 Institutions (as defined in section 532 of the Equity
13 in Educational Land-Grant Status Act of 1994 (7
14 U.S.C. 301 note; Public Law 103–382)),” before
15 “may compete for”.

16 (c) INSTITUTIONAL CAPACITY BUILDING GRANTS.—
17 Section 535 of the Equity in Educational Land-Grant Sta-
18 tus Act of 1994 (7 U.S.C. 301 note; Public Law 103–
19 382) is amended by striking “2012” each place it appears
20 in subsections (b)(1) and (c) and inserting “2017”.

21 (d) RESEARCH GRANTS.—

22 (1) AUTHORIZATION OF APPROPRIATIONS.—
23 Section 536(c) of the Equity in Educational Land-
24 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-

1 lic Law 103–382) is amended in the first sentence
2 by striking “2012” and inserting “2017”.

3 (2) RESEARCH GRANT REQUIREMENTS.—Sec-
4 tion 536(b) of the Equity in Educational Land-
5 Grant Status Act of 1994 (7 U.S.C. 301 note; Pub-
6 lic Law 103–382) is amended by striking “with at
7 least 1 other land-grant college or university” and
8 all that follows and inserting the following: “with—
9 “(1) the Agricultural Research Service of the
10 Department of Agriculture; or

11 “(2) at least 1—

12 “(A) other land-grant college or university
13 (exclusive of another 1994 Institution);

14 “(B) non-land-grant college of agriculture
15 (as defined in section 1404 of the National Ag-
16 ricultural Research, Extension, and Teaching
17 Policy Act of 1977 (7 U.S.C. 3103)); or

18 “(C) cooperating forestry school (as de-
19 fined in that section).”.

20 (e) EFFECTIVE DATE.—The amendments made by
21 subsections (a), (b), and (d)(2) take effect on October 1,
22 2012.

1 **SEC. 7403. RESEARCH FACILITIES ACT.**

2 Section 6(a) of the Research Facilities Act (7 U.S.C.
3 390d(a)) is amended by striking “2012” and inserting
4 “2017”.

5 **SEC. 7404. COMPETITIVE, SPECIAL, AND FACILITIES RE-**
6 **SEARCH GRANT ACT.**

7 Section 2 of the Competitive, Special, and Facilities
8 Research Grant Act (7 U.S.C. 450i) is amended—

9 (1) in subsection (b)(11)(A), in the matter pre-
10 ceding clause (i), by striking “2012” and inserting
11 “2017”; and

12 (2) by adding at the end the following:

13 “(1) STREAMLINING GRANT APPLICATION PROC-
14 ESS.—Not later than 1 year after the date of enactment
15 of this subsection, the Secretary shall submit to Congress
16 a report that includes—

17 “(1) an analysis of barriers that exist in the
18 competitive grants process administered by the Na-
19 tional Institute of Food and Agriculture that prevent
20 eligible institutions and organizations with limited
21 institutional capacity from successfully applying and
22 competing for competitive grants; and

23 “(2) specific recommendations for future steps
24 that the Department can take to streamline the
25 competitive grants application process so as to re-

1 move the barriers and increase the success rates of
2 applicants described in paragraph (1).”.

3 **SEC. 7405. ENHANCED USE LEASE AUTHORITY PILOT PRO-**
4 **GRAM UNDER DEPARTMENT OF AGRIC-**
5 **CULTURE REORGANIZATION ACT OF 1994.**

6 Section 308(b)(6) of the Department of Agriculture
7 Reorganization Act of 1994 (7 U.S.C. 3125a note; Public
8 Law 103–354) is amended by striking subparagraph (A)
9 and inserting the following:

10 “(A) on September 30, 2017; or”.

11 **SEC. 7406. RENEWABLE RESOURCES EXTENSION ACT OF**
12 **1978.**

13 (a) AUTHORIZATION OF APPROPRIATIONS.—Section
14 6 of the Renewable Resources Extension Act of 1978 (16
15 U.S.C. 1675) is amended in the first sentence by striking
16 “2012” and inserting “2017”.

17 (b) TERMINATION DATE.—Section 8 of the Renew-
18 able Resources Extension Act of 1978 (16 U.S.C. 1671
19 note; Public Law 95–306) is amended by striking “2012”
20 and inserting “2017”.

21 **SEC. 7407. NATIONAL AQUACULTURE ACT OF 1980.**

22 Section 10 of the National Aquaculture Act of 1980
23 (16 U.S.C. 2809) is amended by striking “2012” each
24 place it appears and inserting “2017”.

1 **SEC. 7408. BEGINNING FARMER AND RANCHER DEVELOP-**
2 **MENT PROGRAM UNDER FARM SECURITY**
3 **AND RURAL INVESTMENT ACT OF 2002.**

4 Section 7405 of the Farm Security and Rural Invest-
5 ment Act of 2002 (7 U.S.C. 3319f) is amended—

6 (1) in subsection (c)(8)—

7 (A) in subparagraph (B), by striking
8 “and” at the end;

9 (B) in subparagraph (C), by striking the
10 period at the end and inserting “; and”; and

11 (C) by adding at the end the following:

12 “(D) beginning farmers and ranchers who
13 are veterans (as defined in section 101 of title
14 38, United States Code).”; and

15 (2) by redesignating subsection (h) as sub-
16 section (i);

17 (3) by inserting after subsection (g) the fol-
18 lowing:

19 “(h) STATE GRANTS.—

20 “(1) DEFINITION OF ELIGIBLE ENTITY.—In
21 this subsection, the term ‘eligible entity’ means—

22 “(A) an agency of a State or political sub-
23 division of a State;

24 “(B) a national, State, or regional organi-
25 zation of agricultural producers; and

1 “(C) any other entity determined appro-
2 priate by the Secretary.

3 “(2) GRANTS.—The Secretary shall use such
4 sums as are necessary of funds made available to
5 carry out this section for each fiscal year under sub-
6 section (i) to make grants to States, on a competi-
7 tive basis, which States shall use the grants to make
8 grants to eligible entities to establish and improve
9 farm safety programs at the local level.”; and

10 (4) in subsection (i) (as redesignated by para-
11 graph (2))—

12 (A) in paragraph (1)—

13 (i) in subparagraph (A), by striking
14 “and” at the end;

15 (ii) in subparagraph (B), by striking
16 the period at the end and inserting “;
17 and”; and

18 (iii) by adding at the end the fol-
19 lowing:

20 “(C) \$17,000,000 for each of fiscal years
21 2013 through 2017, to remain available until
22 expended.”; and

23 (B) in paragraph (2), by striking “2012”
24 and inserting “2017”.

1 **Subtitle E—Food, Conservation,**
2 **and Energy Act of 2008**

3 **PART I—AGRICULTURAL SECURITY**

4 **SEC. 7501. AGRICULTURAL BIOSECURITY COMMUNICATION**
5 **CENTER.**

6 Section 14112 of the Food, Conservation, and En-
7 ergy Act of 2008 (7 U.S.C. 8912) is amended by striking
8 subsection (c) and inserting the following:

9 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
10 are authorized to be appropriated to carry out this sec-
11 tion—

12 “(1) such sums as are necessary for each of fis-
13 cal years 2008 through 2012; and

14 “(2) \$2,000,000 for each of fiscal years 2013
15 through 2017.”.

16 **SEC. 7502. ASSISTANCE TO BUILD LOCAL CAPACITY IN AG-**
17 **RICULTURAL BIOSECURITY PLANNING, PREP-**
18 **ARATION, AND RESPONSE.**

19 Section 14113 of the Food, Conservation, and En-
20 ergy Act of 2008 (7 U.S.C. 8913) is amended—

21 (1) in subsection (a)(2)—

22 (A) by striking “such sums as may be nec-
23 essary”; and

1 (B) by striking “subsection” and all that
2 follows and inserting the following: “sub-
3 section—

4 “(1) such sums as are necessary for each of fis-
5 cal years 2008 through 2012; and

6 “(2) \$15,000,000 for each of fiscal years 2013
7 through 2017.”; and

8 (2) in subsection (b)(2), by striking “is author-
9 ized to be appropriated to carry out this subsection”
10 and all that follows and inserting the following: “are
11 authorized to be appropriated to carry out this sub-
12 section—

13 “(1) \$25,000,000 for each of fiscal years 2008
14 through 2012; and

15 “(2) \$15,000,000 for each of fiscal years 2013
16 through 2017.”.

17 **SEC. 7503. RESEARCH AND DEVELOPMENT OF AGRICUL-**
18 **TURAL COUNTERMEASURES.**

19 Section 14121(b) of the Food, Conservation, and En-
20 ergy Act of 2008 (7 U.S.C. 8921(b)) is amended by strik-
21 ing “is authorized to be appropriated to carry out this sec-
22 tion” and all that follows and inserting the following: “are
23 authorized to be appropriated to carry out this section—

24 “(1) \$50,000,000 for each of fiscal years 2008
25 through 2012; and

1 “(2) \$15,000,000 for each of fiscal years 2013
2 through 2017.”.

3 **SEC. 7504. AGRICULTURAL BIOSECURITY GRANT PROGRAM.**

4 Section 14122(e) of the Food, Conservation, and En-
5 ergy Act of 2008 (7 U.S.C. 8922(e)) is amended—

6 (1) by striking “such sums as are necessary”;

7 and

8 (2) by striking “section” and all that follows
9 and inserting the following: “section—

10 “(1) such sums as are necessary for each of fis-
11 cal years 2008 through 2012, to remain available
12 until expended; and

13 “(2) \$5,000,000 for each of fiscal years 2013
14 through 2017, to remain available until expended.”.

15 **PART II—MISCELLANEOUS**

16 **SEC. 7511. GRAZINGLANDS RESEARCH LABORATORY.**

17 Section 7502 of the Food, Conservation, and Energy
18 Act of 2008 (Public Law 110–246; 112 Stat. 2019) is
19 amended by striking “for the 5-year period beginning on
20 the date of enactment of this Act” and inserting “until
21 September 30, 2017”.

22 **SEC. 7512. BUDGET SUBMISSION AND FUNDING.**

23 Section 7506 of the Food, Conservation, and Energy
24 Act of 2008 (7 U.S.C. 7614e) is amended—

25 (1) in subsection (a)—

1 (A) by striking “(a) DEFINITION OF COM-
2 PETITIVE PROGRAMS.—In this section, the
3 term”; and inserting the following:

4 “(a) DEFINITIONS.—In this section:

5 “(1) COMPETITIVE PROGRAMS.—The term”;
6 and

7 (B) by adding at the end the following:

8 “(2) COVERED PROGRAM.—The term ‘covered
9 program’ means—

10 “(A) each research program carried out by
11 the Agricultural Research Service or the Eco-
12 nomic Research Service for which annual appro-
13 priations are requested in the annual budget
14 submission of the President; and

15 “(B) each competitive program (as defined
16 in section 251(f)(1) of the Department of Agri-
17 culture Reorganization Act of 1994 (7 U.S.C.
18 6971(f)(1))) carried out by the National Insti-
19 tute of Food and Agriculture for which annual
20 appropriations are requested in the annual
21 budget submission of the President.

22 “(3) REQUEST FOR AWARDS.—The term ‘re-
23 quest for awards’ means a funding announcement
24 published by the National Institute of Food and Ag-
25 riculture that provides detailed information on fund-

1 ing opportunities at the Institute, including the pur-
2 pose, eligibility, restriction, focus areas, evaluation
3 criteria, regulatory information, and instructions on
4 how to apply for such opportunities.”; and

5 (2) by adding at the end the following:

6 “(e) ADDITIONAL PRESIDENTIAL BUDGET SUBMIS-
7 SION REQUIREMENT.—

8 “(1) IN GENERAL.—Each year, the President
9 shall submit to Congress, together with the annual
10 budget submission of the President, the information
11 described in paragraph (2) for each funding request
12 for a covered program.

13 “(2) INFORMATION DESCRIBED.—The informa-
14 tion described in this paragraph includes—

15 “(A) baseline information, including with
16 respect to each covered program—

17 “(i) the funding level for the program
18 for the fiscal year preceding the year the
19 annual budget submission of the President
20 is submitted;

21 “(ii) the funding level requested in the
22 annual budget submission of the President,
23 including any increase or decrease in the
24 funding level; and

1 “(iii) an explanation justifying any
2 change from the funding level specified in
3 clause (i) to the level specified in clause
4 (ii);

5 “(B) with respect to each covered program
6 that is carried out by the Economic Research
7 Service or the Agricultural Research Service,
8 the location and staff years of the program;

9 “(C) the proposed funding levels to be allo-
10 cated to, and the expected publication date,
11 scope, and allocation level for, each request for
12 awards to be published under—

13 “(i) each priority area specified in sec-
14 tion 2(b)(2) of the Competitive, Special,
15 and Facilities Research Grant Act (7
16 U.S.C. 450i(b)(2));

17 “(ii) each research and extension
18 project carried out under section 1621(a)
19 of the Food, Agriculture, Conservation,
20 and Trade Act of 1990 (7 U.S.C.
21 5811(a));

22 “(iii) each grant awarded under sec-
23 tion 1672B(a) of the Food, Agriculture,
24 Conservation, and Trade Act of 1990 (7
25 U.S.C. 5925b(a));

1 “(iv) each grant awarded under sec-
2 tion 412(b) of the Agricultural Research,
3 Extension, and Education Reform Act of
4 1998 (7 U.S.C. 7632(b)); and

5 “(v) each grant awarded under
6 7405(c)(1) of the Farm Security and
7 Rural Investment Act of 2002 (7 U.S.C.
8 3319f(c)(1)); or

9 “(D) any other information the Secretary
10 determines will increase congressional oversight
11 with respect to covered programs.

12 “(3) PROHIBITION.—Unless the President sub-
13 mits the information described in paragraph (2)(C)
14 for a fiscal year, the President may not carry out
15 any program during the fiscal year that is author-
16 ized under—

17 “(A) section 2(b) of the Competitive, Spe-
18 cial, and Facilities Research Grant Act (7
19 U.S.C. 450i(b));

20 “(B) section 1621 of the Food, Agri-
21 culture, Conservation, and Trade Act of 1990
22 (7 U.S.C. 5811);

23 “(C) section 1672B of the Food, Agri-
24 culture, Conservation, and Trade Act of 1990
25 (7 U.S.C. 5925b);

1 “(D) section 411 of the Agricultural Re-
2 search, Extension, and Education Reform Act
3 of 1998 (7 U.S.C. 7631); or

4 “(E) section 7405 of the Farm Security
5 and Rural Investment Act of 2002 (7 U.S.C.
6 3319f).

7 “(f) REPORT OF THE SECRETARY OF AGRI-
8 CULTURE.—Each year on a date that is not later than
9 the date on which the President submits the annual budg-
10 et submission, the Secretary shall submit to Congress a
11 report containing a description of the agricultural re-
12 search, extension, and education activities carried out by
13 the Federal Government during the fiscal year that imme-
14 diately precedes the year for which the report is submitted,
15 including—

16 “(1) a review of the extent to which those ac-
17 tivities—

18 “(A) are duplicative or overlap within the
19 Department of Agriculture; or

20 “(B) are similar to activities carried out
21 by—

22 “(i) other Federal agencies;

23 “(ii) the States (including the District
24 of Columbia, the Commonwealth of Puerto

1 Rico and other territories or possessions of
2 the United States);

3 “(iii) institutions of higher education
4 (as defined in section 101 of the Higher
5 Education Act of 1965 (20 U.S.C. 1001));

6 or

7 “(iv) the private sector; and

8 “(2) for each report submitted under this sec-
9 tion on or after January 1, 2013, a 5-year projection
10 of national priorities with respect to agricultural re-
11 search, extension, and education, taking into account
12 both domestic and international needs.”.

13 **SEC. 7513. NATURAL PRODUCTS RESEARCH PROGRAM.**

14 Section 7525 of the Food, Conservation, and Energy
15 Act of 2008 (7 U.S.C. 5937) is amended by striking sub-
16 section (e) and inserting the following:

17 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
18 is authorized to be appropriated to carry out this section
19 \$7,000,000 for each of fiscal years 2013 through 2017.”.

20 **SEC. 7514. SUN GRANT PROGRAM.**

21 (a) IN GENERAL.—Section 7526 of the Food, Con-
22 servation, and Energy Act of 2008 (7 U.S.C. 8114) is
23 amended—

24 (1) in subsection (a)(4)(B), by striking “the
25 Department of Energy” and inserting “other appro-

1 appropriate Federal agencies (as determined by the Sec-
2 retary)”;

3 (2) in subsection (b)(1)—

4 (A) in subparagraph (A), by striking “at
5 South Dakota State University”;

6 (B) in subparagraph (B), by striking “at
7 the University of Tennessee at Knoxville”;

8 (C) in subparagraph (C), by striking “at
9 Oklahoma State University”;

10 (D) in subparagraph (D), by striking “at
11 Oregon State University”;

12 (E) in subparagraph (E), by striking “at
13 Cornell University”; and

14 (F) in subparagraph (F), by striking “at
15 the University of Hawaii”;

16 (3) in subsection (c)(1)—

17 (A) in subparagraph (B), by striking
18 “multistate” and all that follows through “tech-
19 nology implementation” and inserting “inte-
20 grated, multistate research, extension, and edu-
21 cation programs on technology development and
22 technology implementation”;

23 (B) by striking subparagraph (C); and

24 (C) by redesignating subparagraph (D) as
25 subparagraph (C);

1 (4) in subsection (d)—

2 (A) in paragraph (1)—

3 (i) by striking “gasification” and in-
4 sserting “bioproducts”; and

5 (ii) by striking “the Department of
6 Energy” and inserting “other appropriate
7 Federal agencies”;

8 (B) by striking paragraph (2);

9 (C) by redesignating paragraphs (3) and
10 (4) as paragraphs (2) and (3), respectively; and

11 (D) in paragraph (1), by striking “in ac-
12 cordance with paragraph (2)”;

13 (5) in subsection (g), by striking “2012” and
14 inserting “2017”.

15 (b) CONFORMING AMENDMENTS.—Section 7526(f) of
16 the Food, Conservation, and Energy Act of 2008 (7
17 U.S.C. 8114(f)) is amended—

18 (1) in paragraph (1), by striking “subsection
19 (c)(1)(D)(i)” and inserting “subsection (c)(1)(C)(i)”;
20 and

21 (2) in paragraph (2), by striking “subsection
22 (d)(1)” and inserting “subsection (d)”.

1 **Subtitle F—Miscellaneous**

2 **SEC. 7601. FOUNDATION FOR FOOD AND AGRICULTURE RE-**
3 **SEARCH.**

4 (a) **DEFINITIONS.**—In this section:

5 (1) **BOARD.**—The term “Board” means the
6 Board of Directors described in subsection (e).

7 (2) **DEPARTMENT.**—The term “Department”
8 means the Department of Agriculture.

9 (3) **FOUNDATION.**—The term “Foundation”
10 means the Foundation for Food and Agriculture Re-
11 search established under subsection (b).

12 (4) **SECRETARY.**—The term “Secretary” means
13 the Secretary of Agriculture.

14 (b) **ESTABLISHMENT.**—

15 (1) **IN GENERAL.**—The Secretary shall establish
16 a nonprofit corporation to be known as the “Foun-
17 dation for Food and Agriculture Research”.

18 (2) **STATUS.**—The Foundation shall not be an
19 agency or instrumentality of the United States Gov-
20 ernment.

21 (c) **PURPOSES.**—The purposes of the Foundation
22 shall be—

23 (1) to advance the research mission of the De-
24 partment by supporting agricultural research activi-

1 ties focused on addressing key problems of national
2 and international significance including—

3 (A) plant health, production, and plant
4 products;

5 (B) animal health, production, and prod-
6 ucts;

7 (C) food safety, nutrition, and health;

8 (D) renewable energy, natural resources,
9 and the environment;

10 (E) agricultural and food security;

11 (F) agriculture systems and technology;

12 and

13 (G) agriculture economics and rural com-
14 munities; and

15 (2) to foster collaboration with agricultural re-
16 searchers from the Federal Government, institutions
17 of higher education, industry, and nonprofit organi-
18 zations.

19 (d) DUTIES.—

20 (1) IN GENERAL.—The Foundation shall—

21 (A) award grants to, or enter into con-
22 tracts, memoranda of understanding, or cooper-
23 ative agreements with, scientists and entities,
24 which may include agricultural research agen-
25 cies in the Department, university consortia,

1 public-private partnerships, institutions of high-
2 er education, nonprofit organizations, and in-
3 dustry, to efficiently and effectively advance the
4 goals and priorities of the Foundation;

5 (B) in consultation with the Secretary—

6 (i) identify existing and proposed Fed-
7 eral intramural and extramural research
8 and development programs relating to the
9 purposes of the Foundation described in
10 subsection (c); and

11 (ii) coordinate Foundation activities
12 with those programs so as to minimize du-
13 plication of existing efforts;

14 (C) identify unmet and emerging agricul-
15 tural research needs after reviewing the Road-
16 map for Agricultural Research, Education and
17 Extension as required by section 7504 of the
18 Food, Conservation, and Energy Act of 2008 (7
19 U.S.C. 7614a);

20 (D) facilitate technology transfer and re-
21 lease of information and data gathered from the
22 activities of the Foundation to the agricultural
23 research community;

1 (E) promote and encourage the develop-
2 ment of the next generation of agricultural re-
3 search scientists; and

4 (F) carry out such other activities as the
5 Board determines to be consistent with the pur-
6 poses of the Foundation.

7 (2) AUTHORITY.—Subject to paragraph (3), the
8 Foundation shall be the sole entity responsible for
9 carrying out the duties enumerated in this sub-
10 section.

11 (3) RELATIONSHIP TO OTHER ACTIVITIES.—
12 The activities described in paragraph (1) shall be
13 supplemental to any other activities at the Depart-
14 ment and shall not preempt any authority or respon-
15 sibility of the Department under another provision
16 of law.

17 (e) BOARD OF DIRECTORS.—

18 (1) ESTABLISHMENT.—The Foundation shall
19 be governed by a Board of Directors.

20 (2) COMPOSITION.—

21 (A) IN GENERAL.—The Board shall be
22 composed of appointed and ex-officio, nonvoting
23 members.

1 (B) EX-OFFICIO MEMBERS.—The ex-officio
2 members of the Board shall be the following in-
3 dividuals or designees:

4 (i) The Secretary.

5 (ii) The Under Secretary of Agri-
6 culture for Research, Education, and Eco-
7 nomics.

8 (iii) The Administrator of the Agricul-
9 tural Research Service.

10 (iv) The Director of the National In-
11 stitute of Food and Agriculture.

12 (v) The Director of the National
13 Science Foundation.

14 (C) APPOINTED MEMBERS.—

15 (i) IN GENERAL.—The ex-officio mem-
16 bers of the Board under subparagraph (B)
17 shall, by majority vote, appoint to the
18 Board 15 individuals, of whom—

19 (I) 8 shall be selected from a list
20 of candidates to be provided by the
21 National Academy of Sciences; and

22 (II) 7 shall be selected from lists
23 of candidates provided by industry.

24 (ii) REQUIREMENTS.—

1 (I) EXPERTISE.—The ex-officio
2 members shall ensure that a majority
3 of the members of the Board have ac-
4 tual experience in agricultural re-
5 search and, to the extent practicable,
6 represent diverse sectors of agri-
7 culture.

8 (II) LIMITATION.—No employee
9 of the Federal Government may serve
10 as an appointed member of the Board
11 under this subparagraph.

12 (III) NOT FEDERAL EMPLOY-
13 MENT.—Appointment to the Board
14 under this subparagraph shall not
15 constitute Federal employment.

16 (iii) AUTHORITY.—All appointed
17 members of the Board shall be voting
18 members.

19 (D) CHAIR.—The Board shall, from among
20 the members of the Board, designate an indi-
21 vidual to serve as Chair of the Board.

22 (3) INITIAL MEETING.—Not later than 60 days
23 after the date of enactment of this Act, the Sec-
24 retary shall convene a meeting of the ex-officio mem-
25 bers of the Board—

1 (A) to incorporate the Foundation; and

2 (B) to appoint the members of the Board

3 in accordance with paragraph (2)(C)(i).

4 (4) DUTIES.—

5 (A) IN GENERAL.—The Board shall—

6 (i) establish bylaws for the Founda-

7 tion that, at a minimum, include—

8 (I) policies for the selection of fu-
9 ture Board members, officers, employ-
10 ees, agents, and contractors of the
11 Foundation;

12 (II) policies, including ethical
13 standards, for—

14 (aa) the acceptance, sollicita-
15 tion, and disposition of donations
16 and grants to the Foundation;
17 and

18 (bb) the disposition of assets
19 of the Foundation, including ap-
20 propriate limits on the ability of
21 donors to designate, by stipula-
22 tion or restriction, the use or re-
23 cipient of donated funds;

24 (III) policies that would subject
25 all employees, fellows, trainees, and

1 other agents of the Foundation (in-
2 cluding members of the Board) to the
3 conflict of interest standards under
4 section 208 of title 18, United States
5 Code;

6 (IV) policies for writing, editing,
7 printing, publishing, and vending of
8 books and other materials;

9 (V) policies for the conduct of
10 the general operations of the Founda-
11 tion, including a cap on administrative
12 expenses for recipients of a grant,
13 contract, or cooperative agreement
14 from the Foundation; and

15 (VI) specific duties for the Exec-
16 utive Director;

17 (ii) prioritize and provide overall di-
18 rection for the activities of the Foundation;

19 (iii) evaluate the performance of the
20 Executive Director; and

21 (iv) carry out any other necessary ac-
22 tivities regarding the Foundation.

23 (B) ESTABLISHMENT OF BYLAWS.—In es-
24 tablishing bylaws under subparagraph (A)(i),

1 the Board shall ensure that the bylaws do
2 not—

3 (i) reflect unfavorably on the ability of
4 the Foundation to carry out the duties of
5 the Foundation in a fair and objective
6 manner; or

7 (ii) compromise, or appear to com-
8 promise, the integrity of any governmental
9 agency or program, or any officer or em-
10 ployee employed by or involved in a govern-
11 mental agency or program.

12 (5) TERMS AND VACANCIES.—

13 (A) TERMS.—

14 (i) IN GENERAL.—The term of each
15 member of the Board appointed under
16 paragraph (2)(C) shall be 5 years.

17 (ii) PARTIAL TERMS.—If a member of
18 the Board does not serve the full term ap-
19 plicable under clause (i), the individual ap-
20 pointed to fill the resulting vacancy shall
21 be appointed for the remainder of the term
22 of the predecessor of the individual.

23 (iii) TRANSITION.—A member of the
24 Board may continue to serve after the ex-

1 piration of the term of the member until a
2 successor is appointed.

3 (B) VACANCIES.—Any vacancy in the
4 membership of the Board shall be filled in the
5 manner in which the original position was made
6 and shall not affect the power of the remaining
7 members to execute the duties of the Board.

8 (6) COMPENSATION.—Members of the Board
9 may not receive compensation for service on the
10 Board but may be reimbursed for travel, subsist-
11 ence, and other necessary expenses incurred in car-
12 rying out the duties of the Board.

13 (7) MEETINGS AND QUORUM.—A majority of
14 the members of the Board shall constitute a quorum
15 for purposes of conducting business of the Board.

16 (f) ADMINISTRATION.—

17 (1) EXECUTIVE DIRECTOR.—

18 (A) IN GENERAL.—The Board shall hire
19 an Executive Director who shall carry out such
20 duties and responsibilities as the Board may
21 prescribe.

22 (B) SERVICE.—The Executive Director
23 shall serve at the pleasure of the Board.

24 (2) ADMINISTRATIVE POWERS.—

- 1 (A) IN GENERAL.—In carrying out this
2 section, the Board, acting through the Execu-
3 tive Director, may—
- 4 (i) adopt, alter, and use a corporate
5 seal, which shall be judicially noticed;
- 6 (ii) hire, promote, compensate, and
7 discharge 1 or more officers, employees,
8 and agents, as may be necessary, and de-
9 fine the duties of the officers, employees,
10 and agents;
- 11 (iii) solicit and accept any funds,
12 gifts, grants, devises, or bequests of real or
13 personal property made to the Foundation,
14 including such support from private enti-
15 ties;
- 16 (iv) prescribe the manner in which—
- 17 (I) real or personal property of
18 the Foundation is acquired, held, and
19 transferred;
- 20 (II) general operations of the
21 Foundation are to be conducted; and
- 22 (III) the privileges granted to the
23 Board by law are exercised and en-
24 joyed;

1 (v) with the consent of the applicable
2 executive department or independent agen-
3 cy, use the information, services, and facili-
4 ties of the department or agency in car-
5 rying out this section;

6 (vi) enter into contracts with public
7 and private organizations for the writing,
8 editing, printing, and publishing of books
9 and other material;

10 (vii) hold, administer, invest, and
11 spend any gift, devise, or bequest of real or
12 personal property made to the Foundation;

13 (viii) enter into such contracts, leases,
14 cooperative agreements, and other trans-
15 actions as the Board considers appropriate
16 to conduct the activities of the Foundation;

17 (ix) modify or consent to the modifica-
18 tion of any contract or agreement to which
19 the Foundation is a party or in which the
20 Foundation has an interest;

21 (x) take such action as may be nec-
22 essary to obtain patents and licenses for
23 devices and procedures developed by the
24 Foundation and employees of the Founda-
25 tion;

1 (xi) sue and be sued in the corporate
2 name of the Foundation, and complain and
3 defend in courts of competent jurisdiction;

4 (xii) appoint other groups of advisors
5 as may be determined necessary to carry
6 out the functions of the Foundation; and

7 (xiii) exercise such other incidental
8 powers as are necessary to carry out the
9 duties and functions of the Foundation in
10 accordance with this section

11 (B) LIMITATION.—No appointed member
12 of the Board or officer or employee of the
13 Foundation or of any program established by
14 the Foundation (other than ex-officio members
15 of the Board) shall exercise administrative con-
16 trol over any Federal employee

17 (3) RECORDS.—

18 (A) AUDITS.—The Foundation shall—

19 (i) provide for annual audits of the fi-
20 nancial condition of the Foundation; and

21 (ii) make the audits, and all other
22 records, documents, and other papers of
23 the Foundation, available to the Secretary
24 and the Comptroller General of the United
25 States for examination or audit.

1 (B) REPORTS.—

2 (i) ANNUAL REPORT ON FOUNDA-
3 TION.—

4 (I) IN GENERAL.—Not later than
5 5 months following the end of each
6 fiscal year, the Foundation shall pub-
7 lish a report for the preceding fiscal
8 year that includes—

9 (aa) a description of Foun-
10 dation activities, including ac-
11 complishments; and

12 (bb) a comprehensive state-
13 ment of the operations and finan-
14 cial condition of the Foundation.

15 (II) FINANCIAL CONDITION.—

16 Each report under subclause (I) shall
17 include a description of all gifts or
18 grants to the Foundation of real or
19 personal property or money, which
20 shall include—

21 (aa) the source of the gifts
22 or grants; and

23 (bb) any restrictions on the
24 purposes for which the gift or
25 grant may be used.

1 (III) AVAILABILITY.—The Foun-
2 dation shall—

3 (aa) make copies of each re-
4 port submitted under subclause
5 (I) available for public inspection;
6 and

7 (bb) on request, provide a
8 copy of the report to any indi-
9 vidual.

10 (IV) PUBLIC MEETING.—The
11 Board shall hold an annual public
12 meeting to summarize the activities of
13 the Foundation.

14 (ii) GRANT REPORTING.—Any recipi-
15 ent of a grant under subsection (d)(1)(A)
16 shall provide the Foundation with a report
17 at the conclusion of any research or studies
18 conducted the describes the results of the
19 research or studies, including any data
20 generated.

21 (4) INTEGRITY.—

22 (A) IN GENERAL.—To ensure integrity in
23 the operations of the Foundation, the Board
24 shall develop and enforce procedures relating to
25 standards of conduct, financial disclosure state-

1 ments, conflict of interest (including recusal
2 and waiver rules), audits, and any other mat-
3 ters determined appropriate by the Board.

4 (B) FINANCIAL CONFLICTS OF INTER-
5 EST.—Any individual who is an officer, em-
6 ployee, or member of the Board is prohibited
7 from any participation in deliberations by the
8 Foundation of a matter that would directly or
9 predictably affect any financial interest of—

10 (i) the individual;

11 (ii) a relative (as defined in section
12 109 of the Ethics in Government Act of
13 1978 (5 U.S.C. App.)) of that individual;
14 or

15 (iii) a business organization or other
16 entity in which the individual has an inter-
17 est, including an organization or other en-
18 tity with which the individual is negoti-
19 ating employment.

20 (5) INTELLECTUAL PROPERTY.—The Board
21 shall adopt written standards to govern ownership of
22 any intellectual property rights derived from the col-
23 laborative efforts of the Foundation.

24 (6) LIABILITY.—The United States shall not be
25 liable for any debts, defaults, acts, or omissions of

1 the Foundation nor shall the full faith and credit of
2 the United States extend to any obligations of the
3 Foundation.

4 (g) FUNDS.—

5 (1) MANDATORY FUNDING.—

6 (A) IN GENERAL.—On October 1, 2012, of
7 the funds of the Commodity Credit Corporation,
8 the Secretary shall transfer to the Foundation
9 to carry out this section \$100,000,000, to re-
10 main available until expended under the condi-
11 tions described in subparagraph (B).

12 (B) CONDITIONS ON EXPENDITURE.—The
13 Foundation may use the funds made available
14 under subparagraph (A) to carry out the pur-
15 poses of the Foundation only to the extent that
16 the Foundation secures an equal amount of
17 non-Federal matching funds for each expendi-
18 ture.

19 (C) PROHIBITION ON CONSTRUCTION.—
20 None of the funds made available under sub-
21 paragraph (A) may be used for construction.

22 (2) SEPARATION OF FUNDS.—The Executive
23 Director shall ensure that any funds received under
24 paragraph (1) are held in separate accounts from

1 funds received from nongovernmental entities as de-
2 scribed in subsection (f)(2)(A)(iii).

3 **SEC. 7602. OBJECTIVE AND SCHOLARLY AGRICULTURAL**
4 **AND FOOD LAW RESEARCH AND INFORMA-**
5 **TION.**

6 (a) FINDINGS.—Congress finds that—

7 (1) the farms, ranches, and forests of the
8 United States are impacted by a complex and rap-
9 idly evolving web of international, Federal, State,
10 and local laws (including regulations);

11 (2) objective, scholarly, and authoritative agri-
12 cultural and food law research and information helps
13 the farm, ranch, and forestry community contribute
14 to the strength of the United States through im-
15 proved conservation, environmental protection, job
16 creation, economic development, renewable energy
17 production, outdoor recreational opportunities, and
18 increased local and regional supplies of food, fiber,
19 and fuel; and

20 (3) the vast agricultural community of the
21 United States, including farmers, ranchers, for-
22 esters, attorneys, policymakers, and extension per-
23 sonnel, need access to agricultural and food law re-
24 search and information provided by an objective,
25 scholarly, and neutral source.

1 (b) PARTNERSHIPS.—The Secretary, acting through
2 the National Agricultural Library, shall support the dis-
3 semination of objective, scholarly, and authoritative agri-
4 cultural and food law research and information by enter-
5 ing into partnerships with institutions of higher education
6 that have expertise in agricultural and food law research
7 and information.

8 (c) RESTRICTION.—For each fiscal year, the Sec-
9 retary shall use not more than \$1,000,000 of the amounts
10 made available to the National Agricultural Library to
11 carry out this section.

12 **TITLE VIII—FORESTRY**
13 **Subtitle A—Repeal of Certain**
14 **Forestry Programs**

15 **SEC. 8001. FOREST LAND ENHANCEMENT PROGRAM.**

16 (a) REPEAL.—Section 4 of the Cooperative Forestry
17 Assistance Act of 1978 (16 U.S.C. 2103) is repealed.

18 (b) CONFORMING AMENDMENT.—Section 8002 of the
19 Farm Security and Rural Investment Act of 2002 (Public
20 Law 107–171; 16 U.S.C. 2103 note) is amended by strik-
21 ing subsection (a).

22 (c) EFFECTIVE DATE.—The amendments made by
23 this section shall take effect on October 1, 2012.

1 **SEC. 8002. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

2 (a) REPEAL.—Section 6 of the Cooperative Forestry
3 Assistance Act of 1978 (16 U.S.C. 2103b) is repealed.

4 (b) EFFECTIVE DATE.—The amendment made by
5 this section shall take effect on October 1, 2012.

6 **SEC. 8003. EXPIRED COOPERATIVE NATIONAL FOREST**
7 **PRODUCTS MARKETING PROGRAM.**

8 Section 18 of the Cooperative Forestry Assistance
9 Act of 1978 (16 U.S.C. 2112) is repealed.

10 **SEC. 8004. HISPANIC-SERVING INSTITUTION AGRICUL-**
11 **TURAL LAND NATIONAL RESOURCES LEAD-**
12 **ERSHIP PROGRAM.**

13 (a) REPEAL.—Section 8402 of the Food, Conserva-
14 tion, and Energy Act of 2008 (16 U.S.C. 1649a) is re-
15 pealed.

16 (b) EFFECTIVE DATE.—The amendment made by
17 this section shall take effect on October 1, 2012.

18 **SEC. 8005. TRIBAL WATERSHED FORESTRY ASSISTANCE**
19 **PROGRAM.**

20 (a) REPEAL.—Section 303 of the Healthy Forests
21 Restoration Act of 2003 (16 U.S.C. 6542) is repealed.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall take effect on October 1, 2012.

1 **Subtitle B—Reauthorization of Co-**
2 **operative Forestry Assistance**
3 **Act of 1978 Programs**

4 **SEC. 8101. STATE-WIDE ASSESSMENT AND STRATEGIES FOR**
5 **FOREST RESOURCES.**

6 Section 2A(f)(1) of the Cooperative Forestry Assist-
7 ance Act of 1978 (16 U.S.C. 2101a(f)(1)) is amended by
8 striking “2012” and inserting “2017”.

9 **SEC. 8102. FOREST STEWARDSHIP PROGRAM.**

10 Section 5(h) of the Cooperative Forestry Assistance
11 Act of 1978 (16 U.S.C. 2103a(h)) is amended by striking
12 “such sums as may be necessary thereafter” and inserting
13 “\$50,000,000 for each of fiscal years 2013 through
14 2017”.

15 **SEC. 8103. FOREST LEGACY PROGRAM.**

16 Section 7 of the Cooperative Forestry Assistance Act
17 of 1978 (16 U.S.C. 2103e) is amended by striking sub-
18 section (m) and inserting the following:

19 “(m) FUNDING.—

20 “(1) AUTHORIZATION OF APPROPRIATIONS.—

21 There is authorized to be appropriated to carry out
22 this section \$200,000,000 for each of fiscal years
23 2013 through 2017.

24 “(2) ADDITIONAL FUNDING SOURCES.—In ad-
25 dition to any funds appropriated for each fiscal year

1 to carry out this section, the Secretary may use any
2 other Federal funds available to the Secretary.”.

3 **SEC. 8104. COMMUNITY FOREST AND OPEN SPACE CON-**
4 **SERVATION PROGRAM.**

5 Section 7A of the Cooperative Forestry Assistance
6 Act of 1978 (16 U.S.C. 2103d) is amended by striking
7 subsection (g) and inserting the following:

8 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
9 is authorized to be appropriated to carry out this section
10 \$50,000,000 for each of fiscal years 2013 through 2017.”.

11 **SEC. 8105. URBAN AND COMMUNITY FORESTRY ASSIST-**
12 **ANCE.**

13 Section 9(i) of the Cooperative Forestry Assistance
14 Act of 1978 (16 U.S.C. 2105(i)) is amended by striking
15 “such sums as may be necessary for each fiscal year there-
16 after” and inserting “\$50,000,000 for each of fiscal years
17 2013 through 2017”.

18 **Subtitle C—Reauthorization of**
19 **Other Forestry-related Laws**

20 **SEC. 8201. RURAL REVITALIZATION TECHNOLOGIES.**

21 Section 2371(d)(2) of the Food, Agriculture, Con-
22 servation, and Trade Act of 1990 (7 U.S.C. 6601(d)(2))
23 is amended by striking “2012” and inserting “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 \$200,000,000 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. STEWARDSHIP END RESULT CONTRACTING**
4 **PROJECTS.**

5 (a) IN GENERAL.—Title VI of the Healthy Forests
6 Restoration Act of 2003 (16 U.S.C. 6591) is amended by
7 adding at the end the following:

8 **“SEC. 602. STEWARDSHIP END RESULT CONTRACTING**
9 **PROJECTS.**

10 “(a) DEFINITIONS.—In this section:

11 “(1) CHIEF.—The term ‘Chief’ means the Chief
12 of the Forest Service.

13 “(2) DIRECTOR.—The term ‘Director’ means
14 the Director of the Bureau of Land Management.

15 “(b) PROJECTS.—The Chief and the Director, via
16 agreement or contract as appropriate, may enter into
17 stewardship contracting projects with private persons or
18 other public or private entities to perform services to
19 achieve land management goals for the national forests
20 and the public lands that meet local and rural community
21 needs.

22 “(c) LAND MANAGEMENT GOALS.—The land man-
23 agement goals of a project under subsection (b) may in-
24 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. 8205. HEALTHY FORESTS RESERVE PROGRAM.**

4 (a) DEFINITION OF ACREAGE OWNED BY INDIAN
5 TRIBES.—Section 502(e)(3) of the Healthy Forests Res-
6 toration Act (16 U.S.C. 6572(e)(3)) is amended—

7 (1) in subparagraph (C), by striking “subpara-
8 graphs (A) and (B)” and inserting “clauses (i) and
9 (ii)”;

10 (2) by redesignating subparagraphs (A) through
11 (C) as clauses (i) through (iii), respectively, and in-
12 denting appropriately; and

13 (3) by striking “In the case of” and inserting
14 the following:

15 “(A) DEFINITION OF ACREAGE OWNED BY
16 INDIAN TRIBES.—In this paragraph, the term
17 ‘acreage owned by Indian tribes’ includes—

18 “(i) land that is held in trust by the
19 United States for Indian tribes or indi-
20 vidual Indians;

21 “(ii) land, the title to which is held by
22 Indian tribes or individual Indians subject
23 to Federal restrictions against alienation
24 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 (b) CHANGE IN FUNDING SOURCE FOR HEALTHY
19 FORESTS RESERVE PROGRAM.—Section 508 of the
20 Healthy Forests Restoration Act of 2003 (16 U.S.C.
21 6578) is amended—

22 (1) in subsection (a), by striking “IN GEN-
23 ERAL” and inserting “FISCAL YEARS 2009
24 THROUGH 2012”;

1 (2) by redesignating subsection (b) as sub-
2 section (d); and

3 (3) by inserting after subsection (a) the fol-
4 lowing:

5 “(b) FISCAL YEARS 2013 THROUGH 2017.—There is
6 authorized to be appropriated to the Secretary of Agri-
7 culture to carry out this section \$9,750,000 for each of
8 fiscal years 2013 through 2017.

9 “(c) ADDITIONAL SOURCE OF FUNDS.—In addition
10 to funds appropriated pursuant to the authorization of ap-
11 propriations in subsection (b) for a fiscal year, the Sec-
12 retary may use such amount of the funds appropriated
13 for that fiscal year to carry out the Soil Conservation and
14 Domestic Allotment Act (16 U.S.C. 590a et seq.) as the
15 Secretary determines necessary to cover the cost of tech-
16 nical assistance, management, and enforcement respon-
17 sibilities for land enrolled in the healthy forests reserve
18 program pursuant to subsections (a) and (b) of section
19 504.”.

20 **Subtitle D—Miscellaneous**
21 **Provisions**

22 **SEC. 8301. MCINTIRE-STENNIS COOPERATIVE FORESTRY**
23 **ACT.**

24 (a) 1890 WAIVERS.—Section 4 of Public Law 87–
25 788 (commonly known as the “McIntire-Stennis Coopera-

1 tive Forestry Act”) (16 U.S.C. 582a–3) is amended by
2 inserting “The matching funds requirement shall not be
3 applicable to eligible 1890 Institutions (as defined in sec-
4 tion 2 of the Agricultural Research, Extension, and Edu-
5 cation Reform Act of 1998 (7 U.S.C. 7601)) if the alloca-
6 tion is below \$200,000.” before “The Secretary is author-
7 ized” in the second sentence.

8 (b) PARTICIPATION.—Section 8 of Public Law 87–
9 788 (commonly known as the “McIntire-Stennis Cooper-
10 ative Forestry Act”) (16 U.S.C. 582a–7) is amended by
11 inserting ‘the Federated States of Micronesia, American
12 Samoa, the Northern Mariana Islands, the District of Co-
13 lumbia,’ before ‘and Guam’”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section take effect on October 1, 2012.

16 **SEC. 8302. REVISION OF STRATEGIC PLAN FOR FOREST IN-**
17 **VENTORY AND ANALYSIS.**

18 (a) REVISION REQUIRED.—Not later than 180 days
19 after the date of enactment of this Act, the Secretary of
20 Agriculture shall revise the strategic plan for forest inven-
21 tory and analysis initially prepared pursuant to section
22 3(e) of the Forest and Rangeland Renewable Resources
23 Research Act of 1978 (16 U.S.C. 1642(e)) to address the
24 requirements imposed by subsection (b).

1 (b) ELEMENTS OF REVISED STRATEGIC PLAN.—In
2 revising the strategic plan, the Secretary of Agriculture
3 shall describe in detail the organization, procedures, and
4 funding needed to achieve each of the following:

5 (1) Complete the transition to a fully
6 annualized forest inventory program and include in-
7 ventory and analysis of interior Alaska.

8 (2) Implement an annualized inventory of trees
9 in urban settings, including the status and trends of
10 trees and forests, and assessments of their eco-
11 system services, values, health, and risk to pests and
12 diseases.

13 (3) Report information on renewable biomass
14 supplies and carbon stocks at the local, State, re-
15 gional, and national level, including by ownership
16 type.

17 (4) Engage State foresters and other users of
18 information from the forest inventory and analysis
19 in reevaluating the list of core data variables col-
20 lected on forest inventory and analysis plots with an
21 emphasis on demonstrated need.

22 (5) Improve the timeliness of the timber prod-
23 uct output program and accessibility of the
24 annualized information on that database.

1 (6) Foster greater cooperation among the forest
2 inventory and analysis program, research station
3 leaders, and State foresters and other users of infor-
4 mation from the forest inventory and analysis.

5 (7) Availability of and access to non-Federal re-
6 sources to improve information analysis and infor-
7 mation management.

8 (8) Collaborate with the Natural Resources
9 Conservation Service, National Aeronautics and
10 Space Administration, National Oceanic and Atmos-
11 pheric Administration, and United States Geological
12 Survey to integrate remote sensing, spatial analysis
13 techniques, and other new technologies in the forest
14 inventory and analysis program.

15 (9) Understand and report on changes in land
16 cover and use.

17 (10) Expand existing programs to promote sus-
18 tainable forest stewardship through increased under-
19 standing, in partnership with other Federal agencies,
20 of the over 10 million family forest owners, their de-
21 mographics, and the barriers to forest stewardship.

22 (11) Implement procedures to improve the sta-
23 tistical precision of estimates at the sub-State level.

24 (c) SUBMISSION OF REVISED STRATEGIC PLAN.—
25 The Secretary of Agriculture shall submit the revised stra-

1 tegic plan to the Committee on Agriculture of the House
2 of Representatives and the Committee on Agriculture, Nu-
3 trition, and Forestry of the Senate.

4 **TITLE IX—ENERGY**

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).”; and

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 “(4) MANDATORY FUNDING FOR FISCAL YEARS
21 2013 THROUGH 2017.—Of the funds of the Com-
22 modity Credit Corporation, the Secretary shall use
23 to carry out this section \$3,000,000 for each of fis-
24 cal years 2013 through 2017.”.

1 (b) CONFORMING AMENDMENT.—Section
2 944(c)(2)(A) of the Energy Policy Act of 2005 (42 U.S.C.
3 16253(c)(2)(A)) is amended by striking “section
4 9002(h)(1)” and inserting “section 9002(b)”.

5 **SEC. 9003. BIOREFINERY, RENEWABLE CHEMICAL, AND**
6 **BIOBASED PRODUCT MANUFACTURING AS-**
7 **SISTANCE.**

8 (a) PROGRAM ADJUSTMENTS.—

9 (1) IN GENERAL.—Section 9003 of the Farm
10 Security and Rural Investment Act of 2002 (7
11 U.S.C. 8103) is amended—

12 (A) in the section heading, by inserting “,
13 **RENEWABLE CHEMICAL, AND BIOBASED**
14 **PRODUCT MANUFACTURING**” after “**BIO-**
15 **REFINERY**”;

16 (B) in subsection (a), in the matter pre-
17 ceding paragraph (1), by inserting “renewable
18 chemicals, and biobased product manufac-
19 turing” after “advanced biofuels,”;

20 (C) in subsection (b)—

21 (i) by redesignating paragraphs (1)
22 and (2) as paragraphs (2) and (3), respec-
23 tively; and

24 (ii) by inserting before paragraph (2)
25 (as so redesignated) the following:

1 “(1) BIOBASED PRODUCT MANUFACTURING.—
2 The term ‘biobased product manufacturing’ means
3 development, construction, and retrofitting of tech-
4 nologically new commercial-scale processing and
5 manufacturing equipment and required facilities that
6 will be used to convert renewable chemicals and
7 other biobased outputs of biorefineries into end-user
8 products on a commercial scale.”; and

9 (D) in subsection (c)—

10 (i) in paragraph (1), by striking
11 “and” at the end;

12 (ii) in paragraph (2), by striking the
13 period at the end and inserting “; and”;
14 and

15 (iii) by adding at the end the fol-
16 lowing:

17 “(3) grants and loan guarantees to fund the de-
18 velopment and construction of renewable chemical
19 and biobased product manufacturing facilities.”.

20 (2) EFFECTIVE DATE.—The amendments made
21 by paragraph (1) shall take effect on October 1,
22 2012.

23 (b) FUNDING.—Section 9003(h) of the Farm Secu-
24 rity and Rural Investment Act of 2002 (7 U.S.C. 8103(h))
25 is amended—

1 (1) by striking paragraph (1) and inserting the
2 following:

3 “(1) MANDATORY FUNDING.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), of the funds of the Commodity
6 Credit Corporation, the Secretary shall use for
7 the cost of loan guarantees under this section,
8 to remain available until expended—

9 “(i) \$100,000,000 for fiscal year
10 2013; and

11 “(ii) \$58,000,000 for each of fiscal
12 years 2014 and 2015.

13 “(B) BIOBASED PRODUCT MANUFAC-
14 TURING.—Of the total amount of funds made
15 available for the period of fiscal years 2013
16 through 2015 under subparagraph (A), the Sec-
17 retary use for the cost of loan guarantees under
18 this section not more than \$25,000,000 to pro-
19 mote biobased product manufacturing.”; and

20 (2) in paragraph (2), by striking “2012” and
21 inserting “2017”.

1 **SEC. 9004. REPEAL OF REPOWERING ASSISTANCE PRO-**
2 **GRAM AND TRANSFER OF REMAINING FUNDS.**

3 (a) REPEAL.—Subject to subsection (b), section 9004
4 of the Farm Security and Rural Investment Act of 2002
5 (7 U.S.C. 8104) is repealed.

6 (b) USE OF REMAINING FUNDING FOR RURAL EN-
7 ERGY FOR AMERICA PROGRAM.—Funds made available
8 pursuant to subsection (d) of section 9004 of the Farm
9 Security and Rural Investment Act of 2002 (7 U.S.C.
10 8104) that are unobligated on the day before the date of
11 enactment of this section shall—

12 (1) remain available until expended;

13 (2) be used by the Secretary of Agriculture to
14 carry out financial assistance for energy efficiency
15 improvements and renewable energy systems under
16 section 9007(a)(2) of the Farm Security and Rural
17 Investment Act of 2002 (7 U.S.C. 8107(a)(2)); and

18 (3) be in addition to any other funds made
19 available to carry out that program.

20 **SEC. 9005. BIOENERGY PROGRAM FOR ADVANCED**
21 **BIOFUELS.**

22 Section 9005(g) of the Farm Security and Rural In-
23 vestment Act of 2002 (7 U.S.C. 8105(g)) is amended—

24 (1) in the heading of paragraph (1), by insert-
25 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
26 “FUNDING”;

1 (2) in the heading of paragraph (2), by insert-
2 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
3 “FUNDING”;

4 (3) by redesignating paragraph (3) as para-
5 graph (4); and

6 (4) by inserting after paragraph (2) the fol-
7 lowing:

8 “(3) FISCAL YEARS 2013 THROUGH 2017.—
9 There is authorized to be appropriated to carry out
10 this section \$20,000,000 for each of fiscal years
11 2013 through 2017.”.

12 **SEC. 9006. BIODIESEL FUEL EDUCATION PROGRAM.**

13 Section 9006(d) of the Farm Security and Rural In-
14 vestment Act of 2002 (7 U.S.C. 8106(d)) is amended—

15 (1) by striking “(d) FUNDING.—Of the funds”
16 and inserting “(d) FUNDING.—

17 “(1) FISCAL YEARS 2008 THROUGH 2012.—Of
18 the funds”; and

19 (2) by adding at the end the following:

20 “(2) FISCAL YEARS 2013 THROUGH 2017.—
21 There is authorized to be appropriated to carry out
22 this section \$1,000,000 for each of fiscal years 2013
23 through 2017.

24 “(3) MANDATORY FUNDING FOR FISCAL YEARS
25 2013 THROUGH 2017.—Of the funds of the Com-

1 modity Credit Corporation, the Secretary shall use
2 to carry out this section \$1,000,000 for each of fis-
3 cal years 2013 through 2017.”.

4 **SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

5 (a) PROGRAM ADJUSTMENTS.—

6 (1) IN GENERAL.—Section 9007 of the Farm
7 Security and Rural Investment Act of 2002 (7
8 U.S.C. 8107) is amended—

9 (A) in subsection (b)(2)—

10 (i) in subparagraph (C), by striking
11 “and” at the end;

12 (ii) by redesignating subparagraph
13 (D) as subparagraph (E); and

14 (iii) by inserting after subparagraph
15 (C) the following:

16 “(D) a council (as defined in section 1528
17 of the Agriculture and Food Act of 1981 (16
18 U.S.C. 3451)); and”;

19 (B) in subsection (c)—

20 (i) in paragraph (1)(A), by inserting
21 “, such as for agricultural and associated
22 residential purposes” after “electricity”;

23 (ii) by striking paragraph (3);

24 (iii) by redesignating paragraph (4) as
25 paragraph (3);

1 (iv) in paragraph (3) (as so redesignig-
2 nated), by striking subparagraph (A) and
3 inserting the following:

4 “(A) GRANTS.—The amount of a grant
5 under this subsection shall not exceed the lesser
6 of—

7 “(i) \$500,000; and

8 “(ii) 25 percent of the cost of the ac-
9 tivity carried out using funds from the
10 grant.”; and

11 (v) by adding at the end the following:

12 “(4) TIERED APPLICATION PROCESS.—

13 “(A) IN GENERAL.—In providing loan
14 guarantees and grants under this subsection,
15 the Secretary shall use a 3-tiered application
16 process that reflects the size of proposed
17 projects in accordance with this paragraph.

18 “(B) TIER 1.—The Secretary shall estab-
19 lish a separate application process for projects
20 for which the cost of the activity funded under
21 this subsection is not more than \$80,000.

22 “(C) TIER 2.—The Secretary shall estab-
23 lish a separate application process for projects
24 for which the cost of the activity funded under

1 this subsection is greater than \$80,000 but less
2 than \$200,000.

3 “(D) TIER 3.—The Secretary shall estab-
4 lish a separate application process for projects
5 for which the cost of the activity funded under
6 this subsection is equal to or greater than
7 \$200,000.

8 “(E) APPLICATION PROCESS.—The Sec-
9 retary shall establish an application, evaluation,
10 and oversight process that is the most sim-
11 plified for tier I projects and more comprehen-
12 sive for each subsequent tier.”.

13 (2) EFFECTIVE DATE.—The amendments made
14 by paragraph (1) shall take effect on October 1,
15 2012.

16 (b) FUNDING.—Section 9007(g) of the Farm Secu-
17 rity and Rural Investment Act of 2002 (7 U.S.C. 8107(g))
18 is amended—

19 (1) in the heading of paragraph (1), by insert-
20 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
21 “FUNDING”;

22 (2) in the heading of paragraph (2), by insert-
23 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
24 “FUNDING”;

1 (3) in the heading of paragraph (3), by insert-
2 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
3 “FUNDING”; and

4 (4) by adding at the end the following:

5 “(4) FISCAL YEARS 2013 THROUGH 2017.—
6 There is authorized to be appropriated to carry out
7 this section \$20,000,000 for each of fiscal years
8 2013 through 2017.

9 “(5) MANDATORY FUNDING FOR FISCAL YEARS
10 2013 THROUGH 2017.—Of the funds of the Com-
11 modity Credit Corporation, the Secretary shall use
12 to carry out this section \$48,200,000 for each of fis-
13 cal years 2013 through 2017.”.

14 **SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.**

15 Section 9008(h) of the Farm Security and Rural In-
16 vestment Act of 2002 (7 U.S.C. 8108(h)) is amended—

17 (1) in the heading of paragraph (1), by insert-
18 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
19 “FUNDING”;

20 (2) in the heading of paragraph (2), by insert-
21 ing “FOR FISCAL YEARS 2009 THROUGH 2012” after
22 “FUNDING”; and

23 (3) by adding at the end the following:

24 “(3) FISCAL YEARS 2013 THROUGH 2017.—
25 There is authorized to be appropriated to carry out

1 this section \$30,000,000 for each of fiscal years
2 2013 through 2017.

3 “(4) MANDATORY FUNDING FOR FISCAL YEARS
4 2013 THROUGH 2017.—Of the funds of the Com-
5 modity Credit Corporation, the Secretary shall use
6 to carry out this section \$26,000,000 for each of fis-
7 cal years 2013 through 2017.”.

8 **SEC. 9009. FEEDSTOCK FLEXIBILITY PROGRAM FOR BIO-**
9 **ENERGY PRODUCERS.**

10 Section 9010(b) of the Farm Security and Rural In-
11 vestment Act of 2002 (7 U.S.C. 8110(b)) is amended—

12 (1) in paragraph (1)(A), by striking “2012”
13 and inserting “2017”; and

14 (2) in paragraph (2)(A), by striking “2012”
15 and inserting “2017”.

16 **SEC. 9010. BIOMASS CROP ASSISTANCE PROGRAM.**

17 Section 9011 of the Farm Security and Rural Invest-
18 ment Act of 2002 (7 U.S.C. 8111) is amended to read
19 as follows:

20 **“SEC. 9011. BIOMASS CROP ASSISTANCE PROGRAM.**

21 “(a) DEFINITIONS.—In this section:

22 “(1) BCAP.—The term ‘BCAP’ means the Bio-
23 mass Crop Assistance Program established under
24 this section.

1 “(2) BCAP PROJECT AREA.—The term ‘BCAP
2 project area’ means an area that—

3 “(A) has specified boundaries that are sub-
4 mitted to the Secretary by the project sponsor
5 and subsequently approved by the Secretary;

6 “(B) includes producers with contract
7 acreage that will supply a portion of the renew-
8 able biomass needed by a biomass conversion
9 facility; and

10 “(C) is physically located within an eco-
11 nomically practicable distance from the biomass
12 conversion facility.

13 “(3) CONTRACT ACREAGE.—The term ‘contract
14 acreage’ means eligible land that is covered by a
15 BCAP contract entered into with the Secretary.

16 “(4) ELIGIBLE CROP.—

17 “(A) IN GENERAL.—The term ‘eligible
18 crop’ means a crop of renewable biomass.

19 “(B) EXCLUSIONS.—The term ‘eligible
20 crop’ does not include—

21 “(i) any crop that is eligible to receive
22 payments under title I of the Food, Con-
23 servation, and Energy Act of 2008 (7
24 U.S.C. 8702 et seq.) or an amendment
25 made by that title;

1 “(ii) any plant that is invasive or nox-
2 ious or species or varieties of plants that
3 credible risk assessment tools or other
4 credible sources determine are potentially
5 invasive, as determined by the Secretary in
6 consultation with other appropriate Fed-
7 eral or State departments and agencies; or

8 “(iii) algae.

9 “(5) ELIGIBLE LAND.—

10 “(A) IN GENERAL.—The term ‘eligible
11 land’ includes—

12 “(i) agricultural and nonindustrial
13 private forest lands (as defined in section
14 5(c) of the Cooperative Forestry Assistance
15 Act of 1978 (16 U.S.C. 2103a(c))); and

16 “(ii) land enrolled in the agricultural
17 conservation easement program established
18 under subtitle H of title XII of the Food
19 Security Act of 1985.

20 “(B) EXCLUSIONS.—The term ‘eligible
21 land’ does not include—

22 “(i) Federal- or State-owned land;

23 “(ii) land that is native sod, as of the
24 date of enactment of the Food, Conserva-

1 tion, and Energy Act of 2008 (7 U.S.C.
2 8701 et seq.);

3 “(iii) land enrolled in the conservation
4 reserve program established under sub-
5 chapter B of chapter 1 of subtitle D of
6 title XII of the Food Security Act of 1985
7 (16 U.S.C. 3831 et seq.);

8 “(iv) land enrolled in the Agricultural
9 Conservation Easement Program estab-
10 lished under subtitle H of title XII of that
11 Act; or

12 “(v) land enrolled in the conservation
13 reserve program or the Agricultural Con-
14 servation Easement Program under a con-
15 tract that will expire at the end of the cur-
16 rent fiscal year.

17 “(6) ELIGIBLE MATERIAL.—

18 “(A) IN GENERAL.—The term ‘eligible ma-
19 terial’ means renewable biomass harvested di-
20 rectly from the land, including crop residue
21 from any crop that is eligible to receive pay-
22 ments under title I of the Agriculture Reform,
23 Food, and Jobs Act of 2012 or an amendment
24 made by that title.

1 “(B) INCLUSIONS.—The term ‘eligible ma-
2 terial’ shall only include—

3 “(i) eligible material that is collected
4 or harvested by the eligible material
5 owner—

6 “(I) directly from—

7 “(aa) National Forest Sys-
8 tem;

9 “(bb) Bureau of Land Man-
10 agement land;

11 “(cc) non-Federal land; or

12 “(dd) land owned by an in-
13 dividual Indian or Indian tribe
14 that is held in trust by the
15 United States for the benefit of
16 the individual Indian or Indian
17 tribe or subject to a restriction
18 against alienation imposed by the
19 United States;

20 “(II) in a manner that is con-
21 sistent with—

22 “(aa) a conservation plan;

23 “(bb) a forest stewardship
24 plan; or

1 “(cc) a plan that the Sec-
2 retary determines is equivalent to
3 a plan described in item (aa) or
4 (bb) and consistent with Execu-
5 tive Order 13112 (42 U.S.C.
6 4321 note; relating to invasive
7 species);

8 “(ii) if woody eligible material, woody
9 eligible material that is produced on land
10 other than contract acreage that—

11 “(I) is a byproduct of a preventa-
12 tive treatment that is removed to re-
13 duce hazardous fuel or to reduce or
14 contain disease or insect infestation;
15 and

16 “(II) if harvested from Federal
17 land, is harvested in accordance with
18 section 102(e) of the Healthy Forests
19 Restoration Act of 2003 (16 U.S.C.
20 6512(e)); and

21 “(iii) eligible material that is delivered
22 to a qualified biomass conversion facility to
23 be used for heat, power, biobased products,
24 research, or advanced biofuels.

1 “(C) EXCLUSIONS.—The term ‘eligible ma-
2 terial’ does not include—

3 “(i) material that is whole grain from
4 any crop that is eligible to receive pay-
5 ments under title I of the Agriculture Re-
6 form, Food, and Jobs Act of 2012 or an
7 amendment made by that title, including—

8 “(I) barley, corn, grain sorghum,
9 oats, rice, or wheat;

10 “(II) honey;

11 “(III) mohair;

12 “(IV) oilseeds, including canola,
13 crambe, flaxseed, mustard seed,
14 rapeseed, safflower seed, soybeans,
15 sesame seed, and sunflower seed;

16 “(V) peanuts;

17 “(VI) pulse;

18 “(VII) chickpeas, lentils, and dry
19 peas;

20 “(VIII) dairy products;

21 “(IX) sugar; and

22 “(X) wool and cotton boll fiber;

23 “(ii) animal waste and byproducts, in-
24 cluding fat, oil, grease, and manure;

25 “(iii) food waste and yard waste;

1 “(iv) algae;

2 “(v) woody eligible material that—

3 “(I) is removed outside contract
4 acreage; and

5 “(II) is not a byproduct of a pre-
6 ventative treatment to reduce haz-
7 ardous fuel or to reduce or contain
8 disease or insect infestation;

9 “(vi) any woody eligible material col-
10 lected or harvested outside contract acre-
11 age that would otherwise be used for exist-
12 ing market products; or

13 “(vii) bagasse.

14 “(7) PRODUCER.—The term ‘producer’ means
15 an owner or operator of contract acreage that is
16 physically located within a BCAP project area.

17 “(8) PROJECT SPONSOR.—The term ‘project
18 sponsor’ means—

19 “(A) a group of producers; or

20 “(B) a biomass conversion facility.

21 “(9) SOCIALLY DISADVANTAGED FARMER OR
22 RANCHER.—The term ‘socially disadvantaged farmer
23 or rancher’ has the meaning given the term in sec-
24 tion 2501(e) of the Food, Agriculture, Conservation,
25 and Trade Act of 1990 (7 U.S.C. 2279(e)).

1 “(b) ESTABLISHMENT AND PURPOSE.—The Sec-
2 retary shall establish and administer a Biomass Crop As-
3 sistance Program to—

4 “(1) support the establishment and production
5 of eligible crops for conversion to bioenergy in se-
6 lected BCAP project areas; and

7 “(2) assist agricultural and forest land owners
8 and operators with the collection, harvest, storage,
9 and transportation of eligible material for use in a
10 biomass conversion facility.

11 “(c) BCAP PROJECT AREA.—

12 “(1) IN GENERAL.—The Secretary shall provide
13 financial assistance to a producer of an eligible crop
14 in a BCAP project area.

15 “(2) SELECTION OF PROJECT AREAS.—

16 “(A) IN GENERAL.—To be considered for
17 selection as a BCAP project area, a project
18 sponsor shall submit to the Secretary a pro-
19 posal that, at a minimum, includes—

20 “(i) a description of the eligible land
21 and eligible crops of each producer that
22 will participate in the proposed BCAP
23 project area;

24 “(ii) a letter of commitment from a
25 biomass conversion facility that the facility

1 will use the eligible crops intended to be
2 produced in the proposed BCAP project
3 area;

4 “(iii) evidence that the biomass con-
5 version facility has sufficient equity avail-
6 able, as determined by the Secretary, if the
7 biomass conversion facility is not oper-
8 ational at the time the proposal is sub-
9 mitted to the Secretary; and

10 “(iv) any other information about the
11 biomass conversion facility or proposed bio-
12 mass conversion facility that the Secretary
13 determines necessary for the Secretary to
14 be reasonably assured that the plant will
15 be in operation by the date on which the
16 eligible crops are ready for harvest.

17 “(B) BCAP PROJECT AREA SELECTION CRI-
18 TERIA.—In selecting BCAP project areas, the
19 Secretary shall consider—

20 “(i) the volume of the eligible crops
21 proposed to be produced in the proposed
22 BCAP project area and the probability
23 that those crops will be used for the pur-
24 poses of the BCAP;

1 “(ii) the volume of renewable biomass
2 projected to be available from sources
3 other than the eligible crops grown on con-
4 tract acres;

5 “(iii) the anticipated economic impact
6 in the proposed BCAP project area;

7 “(iv) the opportunity for producers
8 and local investors to participate in the
9 ownership of the biomass conversion facil-
10 ity in the proposed BCAP project area;

11 “(v) the participation rate by—

12 “(I) beginning farmers or ranch-
13 ers (as defined in accordance with sec-
14 tion 343(a) of the Consolidated Farm
15 and Rural Development Act (7 U.S.C.
16 1991(a))); or

17 “(II) socially disadvantaged
18 farmers or ranchers;

19 “(vi) the impact on soil, water, and
20 related resources;

21 “(vii) the variety in biomass produc-
22 tion approaches within a project area, in-
23 cluding (as appropriate)—

24 “(I) agronomic conditions;

1 “(II) harvest and postharvest
2 practices; and

3 “(III) monoculture and
4 polyculture crop mixes;

5 “(viii) the range of eligible crops
6 among project areas; and

7 “(ix) any additional information that
8 the Secretary determines to be necessary.

9 “(3) CONTRACT.—

10 “(A) IN GENERAL.—On approval of a
11 BCAP project area by the Secretary, each pro-
12 ducer in the BCAP project area shall enter into
13 a contract directly with the Secretary.

14 “(B) MINIMUM TERMS.—At a minimum, a
15 contract under this subsection shall include
16 terms that cover—

17 “(i) an agreement to make available
18 to the Secretary, or to an institution of
19 higher education or other entity designated
20 by the Secretary, such information as the
21 Secretary considers to be appropriate to
22 promote the production of eligible crops
23 and the development of biomass conversion
24 technology;

1 “(ii) compliance with the highly erod-
2 ible land conservation requirements of sub-
3 title B of title XII of the Food Security
4 Act of 1985 (16 U.S.C. 3811 et seq.) and
5 the wetland conservation requirements of
6 subtitle C of title XII of that Act (16
7 U.S.C. 3821 et seq.);

8 “(iii) the implementation of (as deter-
9 mined by the Secretary)—

10 “(I) a conservation plan;

11 “(II) a forest stewardship plan;

12 or

13 “(III) a plan that is equivalent to
14 a conservation or forest stewardship
15 plan; and

16 “(iv) any additional requirements that
17 Secretary determines to be necessary.

18 “(C) DURATION.—A contract under this
19 subsection shall have a term of not more
20 than—

21 “(i) 5 years for annual and perennial
22 crops; or

23 “(ii) 15 years for woody biomass.

24 “(4) RELATIONSHIP TO OTHER PROGRAMS.—In
25 carrying out this subsection, the Secretary shall pro-

1 vide for the preservation of cropland base and yield
2 history applicable to the land enrolled in a BCAP
3 contract.

4 “(5) PAYMENTS.—

5 “(A) IN GENERAL.—The Secretary shall
6 make establishment and annual payments di-
7 rectly to producers to support the establishment
8 and production of eligible crops on contract
9 acreage.

10 “(B) AMOUNT OF ESTABLISHMENT PAY-
11 MENTS.—

12 “(i) IN GENERAL.—Subject to clause
13 (ii), the amount of an establishment pay-
14 ment under this subsection shall be not
15 more than 50 percent of the costs of estab-
16 lishing an eligible perennial crop covered
17 by the contract but not to exceed \$500 per
18 acre, including—

19 “(I) the cost of seeds and stock
20 for perennials;

21 “(II) the cost of planting the pe-
22 rennial crop, as determined by the
23 Secretary; and

1 “(III) in the case of nonindus-
2 trial private forestland, the costs of
3 site preparation and tree planting.

4 “(ii) SOCIALLY DISADVANTAGED
5 FARMERS OR RANCHERS.—In the case of
6 socially disadvantaged farmers or ranchers,
7 the costs of establishment may not exceed
8 \$750 per acre.

9 “(C) AMOUNT OF ANNUAL PAYMENTS.—

10 “(i) IN GENERAL.—Subject to clause
11 (ii), the amount of an annual payment
12 under this subsection shall be determined
13 by the Secretary.

14 “(ii) REDUCTION.—The Secretary
15 shall reduce an annual payment by an
16 amount determined to be appropriate by
17 the Secretary, if—

18 “(I) an eligible crop is used for
19 purposes other than the production of
20 energy at the biomass conversion fa-
21 cility;

22 “(II) an eligible crop is delivered
23 to the biomass conversion facility;

24 “(III) the producer receives a
25 payment under subsection (d);

1 “(IV) the producer violates a
2 term of the contract; or

3 “(V) the Secretary determines a
4 reduction is necessary to carry out
5 this section.

6 “(D) EXCLUSION.—The Secretary shall
7 not make any BCAP payments on land for
8 which payments are received under the con-
9 servation reserve program established under
10 subchapter B of chapter 1 of subtitle D of title
11 XII of the Food Security Act of 1985 (16
12 U.S.C. 3831 et seq.) or the agricultural con-
13 servation easement program established under
14 subtitle H of title XII of that Act.

15 “(d) ASSISTANCE WITH COLLECTION, HARVEST,
16 STORAGE, AND TRANSPORTATION.—

17 “(1) IN GENERAL.—The Secretary shall make a
18 payment for the delivery of eligible material to a bio-
19 mass conversion facility to—

20 “(A) a producer of an eligible crop that is
21 produced on BCAP contract acreage; or

22 “(B) a person with the right to collect or
23 harvest eligible material, regardless of whether
24 the eligible material is produced on contract
25 acreage.

1 “(2) PAYMENTS.—

2 “(A) COSTS COVERED.—A payment under
3 this subsection shall be in an amount described
4 in subparagraph (B) for—

5 “(i) collection;

6 “(ii) harvest;

7 “(iii) storage; and

8 “(iv) transportation to a biomass con-
9 version facility.

10 “(B) AMOUNT.—Subject to paragraph (3),
11 the Secretary may provide matching payments
12 at a rate of up to \$1 for each \$1 per ton pro-
13 vided by the biomass conversion facility, in an
14 amount not to exceed \$20 per dry ton for a pe-
15 riod of 4 years.

16 “(3) LIMITATION ON ASSISTANCE FOR BCAP
17 CONTRACT ACREAGE.—As a condition of the receipt
18 of an annual payment under subsection (c), a pro-
19 ducer receiving a payment under this subsection for
20 collection, harvest, storage, or transportation of an
21 eligible crop produced on BCAP acreage shall agree
22 to a reduction in the annual payment.

23 “(e) REPORT.—Not later than 4 years after the date
24 of enactment of the Agriculture Reform, Food, and Jobs
25 Act of 2012, the Secretary shall submit to the Committee

1 on Agriculture of the House of Representatives and the
2 Committee on Agriculture, Nutrition, and Forestry of the
3 Senate a report on the dissemination by the Secretary of
4 the best practice data and information gathered from par-
5 ticipants receiving assistance under this section.

6 “(f) FUNDING.—

7 “(1) IN GENERAL.—Of the funds of the Com-
8 modity Credit Corporation, the Secretary shall use
9 to carry out this section \$38,600,000 for each of fis-
10 cal years 2013 through 2017.

11 “(2) COLLECTION, HARVEST, STORAGE, AND
12 TRANSPORTATION PAYMENTS.—Of the amount made
13 available under paragraph (1) for each fiscal year,
14 the Secretary shall use not less than 10 percent, nor
15 more than 50 percent, of the amount to make collec-
16 tion, harvest, transportation, and storage payments
17 under subsection (d)(2).”.

18 **SEC. 9011. REPEAL OF FOREST BIOMASS FOR ENERGY.**

19 Section 9012 of the Farm Security and Rural Invest-
20 ment Act of 2002 (7 U.S.C. 8112) is repealed.

21 **SEC. 9012. COMMUNITY WOOD ENERGY PROGRAM.**

22 (a) DEFINITION OF BIOMASS CONSUMER COOPERA-
23 TIVE.—Section 9013(a) of the Farm Security and Rural
24 Investment Act of 2002 (7 U.S.C. 8113(a)) is amended—

1 (1) by redesignating paragraphs (1) and (2) as
2 paragraphs (2) and (3), respectively; and

3 (2) by inserting before paragraph (2) (as so re-
4 designated) the following:

5 “(1) BIOMASS CONSUMER COOPERATIVE.—The
6 term ‘biomass consumer cooperative’ means a con-
7 sumer membership organization the purpose of
8 which is to provide members with services or dis-
9 counts relating to the purchase of biomass heating
10 products or biomass heating systems.”.

11 (b) GRANT PROGRAM.—Section 9013(b)(1) of the
12 Farm Security and Rural Investment Act of 2002 (7
13 U.S.C. 8113(b)(1)) is amended—

14 (1) in subparagraph (A), by striking “and”
15 after the semicolon at the end;

16 (2) in subparagraph (B), by striking the period
17 at the end and inserting “; and”; and

18 (3) by adding at the end the following:

19 “(C) grants of up to \$50,000 to biomass
20 consumer cooperatives for the purpose of estab-
21 lishing or expanding biomass consumer coopera-
22 tives that will provide consumers with services
23 or discounts relating to—

24 “(i) the purchase of biomass heating
25 systems;

1 “(ii) biomass heating products, includ-
2 ing wood chips, wood pellets, and advanced
3 biofuels; or

4 “(iii) the delivery and storage of bio-
5 mass of heating products.”.

6 (c) MATCHING FUNDS.—Section 9013(d) of the
7 Farm Security and Rural Investment Act of 2002 (7
8 U.S.C. 8113(d)) is amended—

9 (1) by striking “A State or local government
10 that receives a grant under subsection (b)” and in-
11 serting the following:

12 “(1) STATE AND LOCAL GOVERNMENTS.—A
13 State or local government that receives a grant
14 under subparagraph (A) or (B) of subsection
15 (b)(1)”;

16 (2) by adding at the end the following:

17 “(2) BIOMASS CONSUMER COOPERATIVES.—A
18 biomass consumer cooperative that receives a grant
19 under subsection (b)(1)(C) shall contribute an
20 amount of non-Federal funds (which may include
21 State, local, and nonprofit funds and membership
22 dues) toward the establishment or expansion of a
23 biomass consumer cooperative that is at least equal
24 to 50 percent of the amount of Federal funds re-
25 ceived for that purpose.”.

1 (d) AUTHORIZATION OF APPROPRIATIONS.—Section
2 9013(e) of the Farm Security and Rural Investment Act
3 of 2002 (7 U.S.C. 8113(e)) is amended by inserting before
4 the period at the end “and \$5,000,000 for each of fiscal
5 years 2013 through 2017”.

6 **SEC. 9013. REPEAL OF RENEWABLE FERTILIZER STUDY.**

7 Section 9003 of the Food, Conservation, and Energy
8 Act of 2008 (Public Law 110–246; 122 Stat. 2096) is re-
9 pealed.

10 **TITLE X—HORTICULTURE**

11 **SEC. 10001. SPECIALTY CROPS MARKET NEWS ALLOCATION.**

12 Section 10107(b) of the Food, Conservation, and En-
13 ergy Act of 2008 (7 U.S.C. 1622b(b)) is amended by strik-
14 ing “2012” and inserting “2017”.

15 **SEC. 10002. REPEAL OF GRANT PROGRAM TO IMPROVE**
16 **MOVEMENT OF SPECIALTY CROPS.**

17 Section 10403 of the Food, Conservation, and En-
18 ergy Act of 2008 (7 U.S.C. 1622c) is repealed.

19 **SEC. 10003. FARMERS MARKET AND LOCAL FOOD PRO-**
20 **MOTION PROGRAM.**

21 Section 6 of the Farmer-to-Consumer Direct Mar-
22 keting Act of 1976 (7 U.S.C. 3005) is amended—

23 (1) in the section heading, by adding “AND
24 LOCAL FOOD” after “MARKET”;

25 (2) in subsection (a)—

1 (A) by inserting “and Local Food” after
2 “Market”;

3 (B) by striking “farmers’ markets and to
4 promote”; and

5 (C) by inserting “and local food capacity
6 development” before the period at the end;

7 (3) in subsection (b), by striking paragraph (1)
8 and inserting the following:

9 “(1) IN GENERAL.—The purposes of the Pro-
10 gram are to increase domestic consumption of and
11 access to locally and regionally produced agricultural
12 products by developing, improving, expanding, and
13 providing outreach, training, and technical assist-
14 ance to, or assisting in the development, improve-
15 ment and expansion of—

16 “(A) domestic farmers’ markets, roadside
17 stands, community-supported agriculture pro-
18 grams, agritourism activities, and other direct
19 producer-to-consumer market opportunities; and

20 “(B) local and regional food enterprises
21 that are not direct producer-to-consumer mar-
22 kets but process, distribute, aggregate, store,
23 and market locally or regionally produced food
24 products.”;

25 (4) in subsection (c)(1)—

1 (A) by inserting “or other business entity”
2 after “cooperative”; and

3 (B) by inserting “, including a community
4 supported agriculture network or association”
5 after “association”;

6 (5) by redesignating subsection (e) as sub-
7 section (f);

8 (6) by inserting after subsection (d) the fol-
9 lowing:

10 “(e) PRIORITIES.—In providing grants under the
11 Program, priority shall be given to applications that in-
12 clude projects that—

13 “(1) benefit underserved communities;

14 “(2) develop market opportunities for small and
15 mid-sized farm and ranch operations; and

16 “(3) include a strategic plan to maximize the
17 use of funds to build capacity for local and regional
18 food systems in a community.”;

19 (7) in subsection (f) (as redesignated by para-
20 graph (5))—

21 (A) in paragraph (1)—

22 (i) in subparagraph (B), by striking
23 “and” after the semicolon at the end;

1 (ii) in subparagraph (C), 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 “(D) \$20,000,000 for each of fiscal years
7 2013 through 2017.”;

8 (B) by striking paragraphs (2) and (4);

9 (C) by redesignating paragraph (3) as
10 paragraph (4);

11 (D) by inserting after paragraph (1) the
12 following:

13 “(2) AUTHORIZATION OF APPROPRIATIONS.—In
14 addition to funds made available under paragraph
15 (1), there is authorized to be appropriated to carry
16 out this section \$20,000,000 for each of fiscal years
17 2013 through 2017.

18 “(3) USE OF FUNDS.—

19 “(A) IN GENERAL.—Of the funds made
20 available to carry out the Program for each fis-
21 cal year, 50 percent shall be used for the pur-
22 poses described in subsection (b)(1)(A) and 50
23 percent shall be used for the purposes described
24 in subsection (b)(1)(B).

1 “(B) COST SHARE.—To be eligible to re-
2 ceive a grant for a project described in sub-
3 section (b)(1)(B), a recipient shall provide a
4 match in the form of cash or in-kind contribu-
5 tions in an amount equal to 25 percent of the
6 total cost of the project.”; and

7 (E) by adding at the end the following:

8 “(5) ADMINISTRATIVE EXPENSES.—Not more
9 than 10 percent of the total amount made available
10 to carry out this section for a fiscal year may be
11 used for administrative expenses.

12 “(6) LIMITATIONS.—An eligible entity may not
13 use a grant or other assistance provided under the
14 Program for the purchase, construction, or rehabili-
15 tation of a building or structure.”.

16 **SEC. 10004. STUDY ON LOCAL FOOD PRODUCTION AND PRO-**
17 **GRAM EVALUATION.**

18 (a) IN GENERAL.—The Secretary shall—

19 (1) collect data on the production and mar-
20 keting of locally or regionally produced agricultural
21 food products;

22 (2) facilitate interagency collaboration and data
23 sharing on programs related to local and regional
24 food systems; and

1 (3) monitor the effectiveness of programs de-
2 signed to expand or facilitate local food systems.

3 (b) REQUIREMENTS.—In carrying out this section,
4 the Secretary shall, at a minimum—

5 (1) collect and distribute comprehensive report-
6 ing of prices of locally or regionally produced agri-
7 cultural food products;

8 (2) conduct surveys and analysis and publish
9 reports relating to the production, handling, dis-
10 tribution, retail sales, and trend studies (including
11 consumer purchasing patterns) of or on locally or re-
12 gionally produced agricultural food products;

13 (3) evaluate the effectiveness of existing pro-
14 grams in growing local and regional food systems,
15 including—

16 (A) the impact of local food systems on job
17 creation and economic development;

18 (B) the level of participation in the Farm-
19 ers' Market and Local Food Promotion Pro-
20 gram established under section 6 of the Farm-
21 er-to-Consumer Direct Marketing Act of 1976
22 (7 U.S.C. 3005), including the percentage of
23 projects funded in comparison to applicants and
24 the types of eligible entities receiving funds;

1 (C) the ability for participants to leverage
2 private capital and a synopsis of the places
3 from which non-Federal funds are derived; and

4 (D) any additional resources required to
5 aid in the development or expansion of local
6 and regional food systems;

7 (4) expand the Agricultural Resource Manage-
8 ment Survey to include questions on locally or re-
9 gionally produced agricultural food products; and

10 (5) seek to establish or expand private-public
11 partnerships to facilitate, to the maximum extent
12 practicable, the collection of data on locally or re-
13 gionally produced agricultural food products, includ-
14 ing the development of a nationally coordinated and
15 regionally balanced evaluation of the redevelopment
16 of locally or regionally produced food systems.

17 (c) REPORT.—Not later than 1 year after the date
18 of enactment of this Act and annually thereafter, the Sec-
19 retary shall submit to the Committee on Agriculture of
20 the House of Representatives and the Committee on Agri-
21 culture, Nutrition, and Forestry of the Senate a report
22 describing the progress that has been made in imple-
23 menting this section and identifying any additional needs
24 related to developing local and regional food systems.

1 **SEC. 10005. ORGANIC AGRICULTURE.**

2 (a) ORGANIC PRODUCTION AND MARKET DATA INI-
3 TIATIVES.—Section 7407 of the Farm Security and Rural
4 Investment Act of 2002 (7 U.S.C. 5925c) is amended—

5 (1) in subsection (c)—

6 (A) in the matter preceding paragraph (1),
7 by inserting “and annually thereafter” after
8 “this subsection”;

9 (B) in paragraph (1), by striking “and” at
10 the end;

11 (C) by redesignating paragraph (2) as
12 paragraph (3); and

13 (D) by inserting after paragraph (1) the
14 following:

15 “(2) describes how data collection agencies
16 (such as the Agricultural Marketing Service and the
17 National Agricultural Statistics Service) are coordi-
18 nating with data user agencies (such as the Risk
19 Management Agency) to ensure that data collected
20 under this section can be used by data user agencies,
21 including by the Risk Management Agency to offer
22 price elections for all organic crops; and”;

23 (2) in subsection (d)—

24 (A) by redesignating paragraph (2) as
25 paragraph (3);

1 (B) by inserting after paragraph (1) the
2 following:

3 “(2) MANDATORY FUNDING.—In addition to
4 any funds available under paragraph (1), of the
5 funds of the Commodity Credit Corporation, the
6 Secretary shall use to carry out this section
7 \$5,000,000, to remain available until expended.”;
8 and

9 (C) in paragraph (3) (as redesignated by
10 subparagraph (A))—

11 (i) by striking “paragraph (1)” and
12 inserting “paragraphs (1) and (2)”; and

13 (ii) by striking “2012” and inserting
14 “2017”.

15 (b) MODERNIZATION AND TECHNOLOGY UPGRADE
16 FOR NATIONAL ORGANIC PROGRAM.—Section 2123 of the
17 Organic Foods Production Act of 1990 (7 U.S.C. 6522)
18 is amended—

19 (1) in subsection (b)—

20 (A) in paragraph (5), by striking “and” at
21 the end;

22 (B) by redesignating paragraph (6) as
23 paragraph (7); and

24 (C) by inserting after paragraph (5) the
25 following:

1 “(6) \$15,000,000 for each of fiscal years 2013
2 through 2017; and”;

3 (2) by adding at the end the following:

4 “(c) MODERNIZATION AND TECHNOLOGY UPGRADE
5 FOR NATIONAL ORGANIC PROGRAM.—

6 “(1) IN GENERAL.—The Secretary shall mod-
7 ernize database and technology systems of the na-
8 tional organic program.

9 “(2) FUNDING.—Of the funds of the Com-
10 modity Credit Corporation and in addition to any
11 other funds made available for that purpose, the
12 Secretary shall make available to carry out this sub-
13 section \$5,000,000 in fiscal year 2013, to remain
14 available until expended.

15 “(d) REPORT.—Not later than 180 days after the
16 date of enactment of this subsection, the Secretary shall
17 submit to the Committee on Agriculture of the House of
18 Representatives and the Committee on Agriculture, Nutri-
19 tion, and Forestry of the Senate a report that—

20 “(1) describes the efforts of the Secretary to
21 ensure that activities conducted through commodity
22 research and promotion programs adequately reflect
23 the priorities of all members of the applicable orders;
24 and

1 “(2) includes an assessment of the feasibility of
2 establishing an organic research and promotion pro-
3 gram, including any current barriers to establish-
4 ment and challenges related to implementation.”.

5 **SEC. 10006. FOOD SAFETY EDUCATION INITIATIVES.**

6 Section 10105(c) of the Food, Conservation, and En-
7 ergy Act of 2008 (7 U.S.C. 7655a(c)) is amended by strik-
8 ing “2012” and inserting “2017”.

9 **SEC. 10007. COORDINATED PLANT MANAGEMENT PRO-**
10 **GRAM.**

11 (a) IN GENERAL.—Section 420 of the Plant Protec-
12 tion Act (7 U.S.C. 7721) is amended—

13 (1) by striking the section heading and insert-
14 ing “**COORDINATED PLANT MANAGEMENT PRO-**
15 **GRAM.**”;

16 (2) by redesignating subsection (e) as sub-
17 section (f); and

18 (3) by inserting after subsection (d) the fol-
19 lowing:

20 “(e) NATIONAL CLEAN PLANT NETWORK.—

21 “(1) IN GENERAL.—The Secretary shall estab-
22 lish a program to be known as the ‘National Clean
23 Plant Network’ (referred to in this subsection as the
24 ‘Program’).

1 “(2) REQUIREMENTS.—Under the Program, the
2 Secretary shall establish a network of clean plant
3 centers for diagnostic and pathogen elimination serv-
4 ices—

5 “(A) to produce clean propagative plant
6 material; and

7 “(B) to maintain blocks of pathogen-tested
8 plant material in sites located throughout the
9 United States.

10 “(3) AVAILABILITY OF CLEAN PLANT SOURCE
11 MATERIAL.—Clean plant source material produced
12 or maintained under the Program may be made
13 available to—

14 “(A) a State for a certified plant program
15 of the State; and

16 “(B) private nurseries and producers.

17 “(4) CONSULTATION AND COLLABORATION.—In
18 carrying out the Program, the Secretary shall—

19 “(A) consult with—

20 “(i) State departments of agriculture;
21 and

22 “(ii) land-grant colleges and univer-
23 sities and NLGCA Institutions (as those
24 terms are defined in section 1404 of the
25 National Agricultural Research, Extension,

1 and Teaching Policy Act of 1977 (7 U.S.C.
2 3103)); and

3 “(B) to the extent practicable and with
4 input from the appropriate State officials and
5 industry representatives, use existing Federal or
6 State facilities to serve as clean plant centers.”.

7 (b) FUNDING.—Subsection (f) of section 420 of the
8 Plant Protection Act (7 U.S.C. 7721) (as redesignated by
9 subsection (a)(1)) is amended—

10 (1) in paragraph (3), by striking “and” at the
11 end;

12 (2) in paragraph (4), by striking “and each fis-
13 cal year thereafter.” and inserting a semicolon; and

14 (3) by adding at the end the following:

15 “(5) \$60,000,000 for each of fiscal years 2013
16 through 2016; and

17 “(6) \$65,000,000 for fiscal year 2017 and each
18 fiscal year thereafter.”.

19 (c) REPEAL OF EXISTING PROVISION.—Section
20 10202 of the Food, Conservation, and Energy Act of 2008
21 (7 U.S.C. 7761) is repealed.

22 (d) CLARIFICATION OF USE OF FUNDS FOR TECH-
23 NICAL ASSISTANCE.—Section 420 of the Plant Protection
24 Act (7 U.S.C. 7721) (as amended by subsection (a)) is
25 amended by adding at the end the following:

1 “(g) RELATIONSHIP TO OTHER LAW.—The use of
2 Commodity Credit Corporation funds under this section
3 to provide technical assistance shall not be considered an
4 allotment or fund transfer from the Commodity Credit
5 Corporation for purposes of the limit on expenditures for
6 technical assistance imposed by section 11 of the Com-
7 modity Credit Corporation Charter Act (15 U.S.C.
8 714i).”.

9 **SEC. 10008. SPECIALTY CROP BLOCK GRANTS.**

10 Section 101 of the Specialty Crops Competitiveness
11 Act of 2004 (7 U.S.C. 1621 note; Public Law 108–465)
12 is amended—

13 (1) in subsection (a)—

14 (A) by striking “subsection (j)” and insert-
15 ing “subsection (l)”; and

16 (B) by striking “2012” and inserting
17 “2017”;

18 (2) by striking subsection (b) and inserting the
19 following:

20 “(b) GRANTS BASED ON VALUE AND ACREAGE.—

21 Subject to subsection (c), in the case of each State with
22 an application for a grant for a fiscal year that is accepted
23 by the Secretary of Agriculture under subsection (f), the
24 amount of a grant for a fiscal year to a State under this

1 section shall bear the same ratio to the total amount made
2 available under subsection (l) for that fiscal year as—

3 “(1) the average of the most recent available
4 value of specialty crop production in the State and
5 the acreage of specialty crop production in the State,
6 as demonstrated in the most recent Census of Agri-
7 culture data; bears to

8 “(2) the average of the most recent available
9 value of specialty crop production in all States and
10 the acreage of specialty crop production in all
11 States, as demonstrated in the most recent Census
12 of Agriculture data.”;

13 (3) by redesignating subsection (j) as sub-
14 section (l);

15 (4) by inserting after subsection (i) the fol-
16 lowing:

17 “(j) MULTISTATE PROJECTS.—

18 “(1) IN GENERAL.—Not later than 180 days
19 after the date of enactment of the Agriculture Re-
20 form, Food, and Jobs Act of 2012, the Secretary of
21 Agriculture shall issue guidance for the purpose of
22 making grants to multistate projects under this sec-
23 tion for projects involving—

24 “(A) food safety;

25 “(B) plant pests and disease;

1 “(C) crop-specific projects addressing com-
2 mon issues; and

3 “(D) any other area that furthers the pur-
4 poses of this section, as determined by the Sec-
5 retary.

6 “(2) FUNDING.—Of the funds provided under
7 subsection (l), the Secretary of Agriculture may allo-
8 cate for grants under this subsection, to remain
9 available until expended—

10 “(A) \$1,000,000 for fiscal year 2013;

11 “(B) \$2,000,000 for fiscal year 2014;

12 “(C) \$3,000,000 for fiscal year 2015;

13 “(D) \$4,000,000 for fiscal year 2016; and

14 “(E) \$5,000,000 for fiscal year 2017.

15 “(k) ADMINISTRATION.—

16 “(1) DEPARTMENT.—The Secretary of Agri-
17 culture may not use more than 3 percent of the
18 funds made available to carry out this section for a
19 fiscal year for administrative expenses.

20 “(2) STATES.—A State receiving a grant under
21 this section may not use more than 8 percent of the
22 funds received under the grant for a fiscal year for
23 administrative expenses.”; and

24 (5) in subsection (l) (as redesignated by para-
25 graph (3))—

1 (A) in paragraph (2), by striking “and” at
2 the end;

3 (B) in paragraph (3), by striking the pe-
4 riod at the end and inserting “; and”; and

5 (C) by adding at the end the following:

6 “(4) \$70,000,000 for fiscal year 2013 and each
7 fiscal year thereafter.”.

8 **SEC. 10009. RECORDKEEPING, INVESTIGATIONS, AND EN-**
9 **FORCEMENT.**

10 The Organic Foods Production Act of 1990 is amend-
11 ed by inserting after section 2120 (7 U.S.C. 6519) the
12 following:

13 **“SEC. 2120A. RECORDKEEPING, INVESTIGATIONS, AND EN-**
14 **FORCEMENT.**

15 “(a) RECORDKEEPING.—

16 “(1) IN GENERAL.—Except as otherwise pro-
17 vided in this title, all persons, including producers,
18 handlers, and certifying agents, required to report
19 information to the Secretary under this title shall
20 maintain, and make available to the Secretary on
21 the request of the Secretary, all contracts, agree-
22 ments, receipts, and other records associated with
23 the organic certification program established by the
24 Secretary under this title.

1 “(2) DURATION OF RECORDKEEPING REQUIRE-
2 MENT.—A record covered by paragraph (1) shall be
3 maintained—

4 “(A) by a person covered by this title, ex-
5 cept for a certifying agent, for a period of 5
6 years beginning on the date of the creation of
7 the record; and

8 “(B) by a certifying agent, for a period of
9 10 years beginning on the date of the creation
10 of the record.

11 “(b) CONFIDENTIALITY.—

12 “(1) IN GENERAL.—Subject to paragraph (2),
13 and except as otherwise directed by the Secretary or
14 the Attorney General for enforcement purposes, no
15 officer, employee, or agent of the United States shall
16 make available to the public information, statistics,
17 or documents obtained from or made available by
18 any person under this title, other than in a manner
19 that ensures that confidentiality is preserved regard-
20 ing the identity of persons, including parties to a
21 contract, and proprietary business information.

22 “(2) ALLEGED VIOLATORS AND NATURE OF AC-
23 TIONS.—The Secretary may release the name of the
24 alleged violator and the nature of the actions trig-

1 gering an order, suspension, or revocation under
2 subsection (e).

3 “(c) INVESTIGATION.—

4 “(1) IN GENERAL.—The Secretary may take
5 such investigative actions as the Secretary considers
6 to be necessary to carry out this title—

7 “(A) to verify the accuracy of any informa-
8 tion reported or made available under this title;
9 and

10 “(B) to determine, with regard to actions,
11 practices, or information required under this
12 title, whether a person covered by this title has
13 committed, or will commit, a violation of any
14 provision of this title, including an order or reg-
15 ulation promulgated by the Secretary.

16 “(2) INVESTIGATIVE POWERS.—The Secretary
17 may administer oaths and affirmations, subpoena
18 witnesses, compel attendance of witnesses, take evi-
19 dence, and require the production of any books, pa-
20 pers, and documents that are relevant to the inves-
21 tigation.

22 “(d) UNLAWFUL ACT.—It shall be unlawful and a
23 violation of this title for any person covered by this title—

1 “(1) to fail or refuse to provide, or delay the
2 timely provision of, accurate information required by
3 the Secretary under this section;

4 “(2) to violate—

5 “(A) an order of the Secretary;

6 “(B) a suspension or revocation of the or-
7 ganic certification of a producer or handler; or

8 “(C) a suspension or revocation of the ac-
9 creditation of a certifying agent; or

10 “(3) to sell, or attempt to sell, a product that
11 is represented as being organically produced under
12 this title if in fact the product has been produced or
13 handled by an operation that is not yet a certified
14 organic producer or handler under this title.

15 “(e) ENFORCEMENT.—

16 “(1) ORDER.—The Secretary may issue an
17 order to stop the sale of an agricultural product that
18 is labeled or otherwise represented as being organi-
19 cally produced—

20 “(A) until the product can be verified—

21 “(i) as meeting the national and State
22 standards for organic production and han-
23 dling as provided in sections 2105 through
24 2114;

1 “(ii) as having been produced or han-
2 dled without the use of a prohibited sub-
3 stance listed under section 2118; and

4 “(iii) as being produced and handled
5 by a certified organic operation; and

6 “(B) if a person has committed an unlaw-
7 ful act with respect to the product under sub-
8 section (d).

9 “(2) CERTIFICATION OR ACCREDITATION.—

10 “(A) SUSPENSION.—

11 “(i) IN GENERAL.—The Secretary
12 may suspend the organic certification of a
13 producer or handler, or accreditation of a
14 certifying agent, for a period not to exceed
15 30 days, and may renew the suspension for
16 an additional period, under the cir-
17 cumstances described in clause (ii).

18 “(ii) ACTIONS TRIGGERING SUSPEN-
19 SION.—The Secretary may take the sus-
20 pension or renewal actions described in
21 clause (i), if the Secretary has reason to
22 believe that a person producing or han-
23 dling an agricultural product, or a certi-
24 fying agent, has violated or is violating any

1 provision of this title, including an order or
2 regulation promulgated under this title.

3 “(iii) CONTINUATION OF SUSPENSION
4 THROUGH APPEAL.—If the Secretary de-
5 termines subsequent to an investigation
6 that a violation of this title by a person
7 covered by this title has occurred, the sus-
8 pension shall remain in effect until the
9 Secretary issues a revocation of the certifi-
10 cation of the person or of the accreditation
11 of the certifying agent, covered by this
12 title, after an expedited administrative ap-
13 peal under section 2121 has been com-
14 pleted.

15 “(B) REVOCATION.—After notice and op-
16 portunity for an administrative appeal under
17 section 2121, if a violation described in sub-
18 paragraph (A)(ii) is determined to have oc-
19 curred and is an unlawful act under subsection
20 (d), the Secretary shall revoke the organic cer-
21 tification of the producer or handler, or the ac-
22 creditation of the certifying agent.

23 “(3) VIOLATION OF ORDER OR REVOCATION.—
24 A person who violates an order to stop the sale of
25 a product as an organically produced product under

1 paragraph (1), or a revocation of certification or ac-
2 creditation under paragraph (2)(B), shall be subject
3 to 1 or more of the penalties provided in subsections
4 (a) and (b) of section 2120.

5 “(f) APPEAL.—

6 “(1) IN GENERAL.—An order under subsection
7 (e)(1), or a revocation of certification or accredita-
8 tion under subsection (e)(2)(B) shall be final and
9 conclusive unless the affected person files an appeal
10 of the order—

11 “(A) first, to the administrative appeals
12 process established under section 2121(a); and

13 “(B) second, if the affected person so
14 elects, to a United States district court as pro-
15 vided in section 2121(b) not later than 30 days
16 after the date of the determination under sub-
17 paragraph (A).

18 “(2) STANDARD.—An order under subsection
19 (e)(1), or a revocation of certification or accredita-
20 tion under subsection (e)(2)(B), shall be set aside
21 only if the order, or the revocation of certification or
22 accreditation, is not supported by substantial evi-
23 dence.

24 “(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 **SEC. 11001. SUPPLEMENTAL COVERAGE OPTION.**

15 (a) AVAILABILITY OF SUPPLEMENTAL COVERAGE
16 OPTION.—Section 508(c) of the Federal Crop Insurance
17 Act (7 U.S.C. 1508(c)) is amended by striking paragraph
18 (3) and inserting the following:

19 “(3) YIELD AND LOSS BASIS OPTIONS.—A pro-
20 ducer shall have the option of purchasing additional
21 coverage based on—

22 “(A)(i) an individual yield and loss basis;

23 or

24 “(ii) an area yield and loss basis;

1 “(B) an individual yield and loss basis,
2 supplemented with coverage based on an area
3 yield and loss basis to cover all or a part of the
4 deductible under the individual yield and loss
5 policy, as authorized in paragraph (4)(C); or

6 “(C) a margin basis alone or in combina-
7 tion with—

8 “(i) individual yield and loss coverage;

9 or

10 “(ii) area yield and loss coverage.”.

11 (b) LEVEL OF COVERAGE.—Section 508(c) of the
12 Federal Crop Insurance Act (7 U.S.C. 1508(c)) is amend-
13 ed by striking paragraph (4) and inserting the following:

14 “(4) LEVEL OF COVERAGE.—

15 “(A) DOLLAR DENOMINATION AND PER-
16 CENTAGE OF YIELD.—Except as provided in
17 subparagraph (C), the level of coverage—

18 “(i) shall be dollar denominated; and

19 “(ii) may be purchased at any level
20 not to exceed 85 percent of the individual
21 yield or 95 percent of the area yield (as de-
22 termined by the Corporation).

23 “(B) INFORMATION.—The Corporation
24 shall provide producers with information on cat-
25 astrophic risk and additional coverage in terms

1 of dollar coverage (within the allowable limits of
2 coverage provided in this paragraph).

3 “(C) SUPPLEMENTAL COVERAGE OP-
4 TION.—

5 “(i) IN GENERAL.—Notwithstanding
6 subparagraph (A), in the case of the sup-
7 plemental coverage option described in
8 paragraph (3)(B), the Corporation shall
9 offer producers the opportunity to pur-
10 chase coverage in combination with a pol-
11 icy or plan of insurance offered under this
12 subtitle that would allow indemnities to be
13 paid to a producer equal to all or part of
14 the deductible under the policy or plan of
15 insurance, if sufficient area data is avail-
16 able (as determined by the Corporation).

17 “(ii) TRIGGER.—Coverage offered
18 under this subparagraph shall be triggered
19 only if the losses in the area exceed 10 per-
20 cent of normal levels (as determined by the
21 Corporation).

22 “(iii) COVERAGE.—Subject to the trig-
23 ger described in clause (ii) and the deduct-
24 ible imposed by clause (iv), coverage of-
25 fered under this subparagraph shall cover

1 the first loss incurred by the producer, not
2 to exceed the difference between—

3 “(I) 100 percent; and

4 “(II) the coverage level selected
5 by the producer for the underlying
6 policy or plan of insurance.

7 “(iv) DEDUCTIBLE.—Coverage offered
8 under this subparagraph shall be subject to
9 a deductible in an amount equal to—

10 “(I) in the case of a producer
11 who participates in the agriculture
12 risk coverage program under section
13 1105(e) of the Agriculture Reform,
14 Food, and Jobs Act of 2012, 21 per-
15 cent of the expected value of the crop
16 of the producer covered by the under-
17 lying policy or plan of insurance, as
18 determined by the Corporation; and

19 “(II) in the case of all other pro-
20 ducers, 10 percent of the expected
21 value of the crop of the producer cov-
22 ered by the underlying policy or plan
23 of insurance, as determined by the
24 Corporation.

1 “(v) CALCULATION OF PREMIUM.—
2 Notwithstanding subsection (d), the pre-
3 mium shall—

4 “(I) be sufficient to cover antici-
5 pated losses and a reasonable reserve;
6 and

7 “(II) include an amount for oper-
8 ating and administrative expenses es-
9 tablished in accordance with sub-
10 section (k)(4)(F).”.

11 (c) PAYMENT OF PORTION OF PREMIUM BY COR-
12 PORATION.—Section 508(e)(2) of the Federal Crop Insur-
13 ance Act (7 U.S.C. 1508(e)(2)) is amended by adding at
14 the end the following:

15 “(H) In the case of the supplemental cov-
16 erage option authorized in subsection (c)(4)(C),
17 the amount shall be equal to the sum of—

18 “(i) 70 percent of the additional pre-
19 mium associated with the coverage; and

20 “(ii) the amount determined under
21 subsection (c)(4)(C)(v)(II) for the coverage
22 to cover operating and administrative ex-
23 penses.”.

24 (d) CONFORMING AMENDMENT.—Section
25 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.

1 1508(k)(4)(F)) is amended by inserting “or authorized
2 under subsection (c)(4)(C)” after “of this subparagraph”.

3 (e) EFFECTIVE DATE.—The Federal Crop Insurance
4 Corporation shall begin to provide additional coverage
5 based on an individual yield and loss basis, supplemented
6 with coverage based on an area yield and loss basis, not
7 later than for the 2013 crop year.

8 **SEC. 11002. PREMIUM AMOUNTS FOR CATASTROPHIC RISK**
9 **PROTECTION.**

10 Section 508(d)(2) of the Federal Crop Insurance Act
11 (7 U.S.C. 1508(d)(2)) is amended by striking subpara-
12 graph (A) and inserting the following:

13 “(A) In the case of catastrophic risk pro-
14 tection, the amount of the premium established
15 by the Corporation for each crop for which cat-
16 astrophic risk protection is available shall be re-
17 duced by the percentage equal to the difference
18 between the average loss ratio for the crop and
19 100 percent, plus a reasonable reserve, as de-
20 termined by the Corporation.”.

21 **SEC. 11003. PERMANENT ENTERPRISE UNIT.**

22 Section 508(e)(5) of the Federal Crop Insurance Act
23 (7 U.S.C. 1508(e)(5)) is amended by striking subpara-
24 graph (A) and inserting the following:

1 “(A) IN GENERAL.—The Corporation may
2 pay a portion of the premiums for plans or poli-
3 cies of insurance for which the insurable unit is
4 defined on a whole farm or enterprise unit basis
5 that is higher than would otherwise be paid in
6 accordance with paragraph (2).”.

7 **SEC. 11004. ENTERPRISE UNITS FOR IRRIGATED AND NON-**
8 **IRRIGATED CROPS.**

9 Section 508(e)(5) of the Federal Crop Insurance Act
10 (7 U.S.C. 1508(e)(5)) is amended by adding at the end
11 the following:

12 “(D) NONIRRIGATED CROPS.—Beginning
13 with the 2013 crop year, the Corporation shall
14 make available separate enterprise units for ir-
15 rigated and nonirrigated acreages of crops in
16 counties.”.

17 **SEC. 11005. DATA COLLECTION.**

18 Section 508(g)(2) of the Federal Crop Insurance Act
19 (7 U.S.C. 1508(g)(2)) is amended by adding at the end
20 the following:

21 “(E) SOURCES OF YIELD DATA.—To deter-
22 mine yields under this paragraph, the Corpora-
23 tion—

24 “(i) shall use county data collected by
25 the Risk Management Agency or the Na-

1 tional Agricultural Statistics Service, or
2 both; or

3 “(ii) if sufficient county data is not
4 available, may use other data considered
5 appropriate by the Secretary.”.

6 **SEC. 11006. ADJUSTMENT IN ACTUAL PRODUCTION HIS-**
7 **TORY TO ESTABLISH INSURABLE YIELDS.**

8 Section 508(g)(4)(B) of the Federal Crop Insurance
9 Act (7 U.S.C. 1508(g)(4)(B)) is amended—

10 (1) in the matter preceding clause (i), by insert-
11 ing “for the 2012 crop year or any prior crop year,
12 or 70 percent of the applicable transitional yield for
13 the 2013 or any subsequent crop year,” after “tran-
14 sitional yield”; and

15 (2) in clause (ii), by striking “60 percent of the
16 applicable transitional yield” and inserting “the ap-
17 plicable percentage of the transitional yield described
18 in this subparagraph”.

19 **SEC. 11007. SUBMISSION AND REVIEW OF POLICIES.**

20 Section 508(h)(1) of the Federal Crop Insurance Act
21 (7 U.S.C. 1508(h)(1)) is amended—

22 (1) by redesignating subparagraphs (A) and
23 (B) as clauses (i) and (ii), respectively, and indent-
24 ing appropriately;

1 (2) by striking “(1) IN GENERAL.—” and in-
2 serting the following:

3 “(1) SUBMISSION AND REVIEW OF POLICIES.—

4 “(A) SUBMISSIONS.—In addition”; and

5 (3) by adding at the end the following:

6 “(B) REVIEW.—The Corporation shall re-
7 view any policy developed under section 522(c)
8 or any pilot program developed under section
9 523 and submit the policy or program to the
10 Board under this subsection if the Corporation,
11 at the sole discretion of the Corporation, finds
12 that the policy or program—

13 “(i) will likely result in a viable and
14 marketable policy consistent with this sub-
15 section;

16 “(ii) would provide crop insurance
17 coverage in a significantly improved form;
18 and

19 “(iii) adequately protects the interests
20 of producers.”.

21 **SEC. 11008. BOARD REVIEW AND APPROVAL.**

22 (a) REVIEW AND APPROVAL BY THE BOARD.—Sec-
23 tion 508(h) of the Federal Crop Insurance Act (7 U.S.C.
24 1508(h)) is amended by striking paragraph (3) and insert-
25 ing the following:

1 “(3) REVIEW AND APPROVAL BY THE BOARD.—

2 “(A) IN GENERAL.—A policy, plan of in-
3 surance, or other material submitted to the
4 Board under this subsection shall be reviewed
5 by the Board and shall be approved by the
6 Board for reinsurance and for sale by approved
7 insurance providers to producers at actuarially
8 appropriate rates and under appropriate terms
9 and conditions if the Board, at the sole discre-
10 tion of the Board, determines that—

11 “(i) the interests of producers are
12 adequately protected;

13 “(ii) the rates of premium and price
14 election methodology are actuarially appro-
15 priate;

16 “(iii) the terms and conditions for the
17 proposed policy or plan of insurance are
18 appropriate and would not unfairly dis-
19 criminate among producers;

20 “(iv) the proposed policy or plan of in-
21 surance will, at the sole discretion of the
22 Board—

23 “(I) likely result in a viable and
24 marketable policy that can reasonably
25 attain levels of participation similar to

1 other like policies or plans of insur-
2 ance;

3 “(II) provide crop insurance cov-
4 erage in a significantly improved form
5 or in a manner that addresses a rec-
6 ognized flaw or problem in an existing
7 policy; or

8 “(III) provide a new kind of cov-
9 erage for a commodity that previously
10 had no available crop insurance, or
11 has demonstrated a low level of par-
12 ticipation under existing coverage;

13 “(v) the proposed policy or plan of in-
14 surance will, at the sole discretion of the
15 Board, not have a significant adverse im-
16 pact on the crop insurance delivery system;
17 and

18 “(vi) the proposed policy or plan of in-
19 surance meets such other requirements as
20 are determined appropriate by the Board.

21 “(B) PRIORITIES.—

22 “(i) ESTABLISHMENT.—The Board,
23 at the sole discretion of the Board, may—

24 “(I) annually establish priorities
25 under this subsection that specify

1 types of submissions needed to fulfill
2 the portfolio of policies or plans of in-
3 surance to be reviewed and approved
4 under this subsection; and

5 “(II) make the priorities avail-
6 able on the website of the Corpora-
7 tion.

8 “(ii) PROCESS.—

9 “(I) IN GENERAL.—Policies or
10 plans of insurance that satisfy the pri-
11 orities established by the Board under
12 this subsection shall be considered by
13 the Board for approval prior to other
14 submissions.

15 “(II) CONSIDERATIONS.—In ap-
16 proving policies or plans of insurance,
17 the Board shall—

18 “(aa) consider providing the
19 highest priorities for policies or
20 plans of insurance that address
21 underserved commodities, includ-
22 ing commodities for which there
23 is no insurance; and

24 “(bb) consider providing the
25 highest priorities for existing

1 policies for which there is inad-
2 equate coverage or there exists
3 low levels of participation.

4 “(iii) OTHER CRITERIA.—The Board
5 may establish such other criteria as the
6 Board determines to meet the needs of
7 producers and the priorities of this sub-
8 section, consistent with the purposes of
9 this subtitle.”.

10 **SEC. 11009. CONSULTATION.**

11 Section 508(h)(4) of the Federal Crop Insurance Act
12 (7 U.S.C. 1508(h)) is amended by adding at the end the
13 following:

14 “(E) CONSULTATION.—

15 “(i) REQUIREMENT.—As part of the
16 feasibility and research associated with the
17 development of a policy or other material
18 conducted prior to making a submission to
19 the Board under this subsection, the sub-
20 mitter shall consult with groups rep-
21 resenting producers of agricultural com-
22 modities in all major producing areas for
23 the commodities to be served or potentially
24 impacted, either directly or indirectly.

1 “(ii) SUBMISSION TO THE BOARD.—
2 Any submission made to the Board under
3 this subsection shall contain a summary
4 and analysis of the feasibility and research
5 findings from the impacted groups de-
6 scribed in clause (i), including a summary
7 assessment of the support for or against
8 development of the policy and an assess-
9 ment on the impact of the proposed policy
10 to the general marketing and production of
11 the crop from both a regional and national
12 perspective.

13 “(iii) EVALUATION BY THE BOARD.—
14 In evaluating whether the interests of pro-
15 ducers are adequately protected pursuant
16 to paragraph (3) with respect to an sub-
17 mission made under this subsection, the
18 Board shall review the information pro-
19 vided pursuant to clause (ii) to determine
20 if the submission will create adverse mar-
21 ket distortions with respect to the produc-
22 tion of commodities that are the subject of
23 the submission.”.

1 **SEC. 11010. BUDGET LIMITATIONS ON RENEGOTIATION OF**
2 **THE STANDARD REINSURANCE AGREEMENT.**

3 Section 508(k)(8) of the Federal Crop Insurance Act
4 (7 U.S.C. 1508(k)(8)) is amended by adding at the end
5 the following:

6 “(F) BUDGET.—

7 “(i) IN GENERAL.—The Board shall
8 ensure that any Standard Reinsurance
9 Agreement negotiated under subparagraph
10 (A)(ii), as compared to the previous Stand-
11 ard Reinsurance Agreement—

12 “(I) to the maximum extent prac-
13 ticable, shall be budget neutral; and

14 “(II) in no event, may signifi-
15 cantly depart from budget neutrality.

16 “(ii) USE OF SAVINGS.—To the extent
17 that any budget savings is realized in the
18 renegotiation of a Standard Reinsurance
19 Agreement under subparagraph (A)(ii),
20 and the savings are determined not to be
21 a significant departure from budget neu-
22 trality under clause (i), the savings shall
23 be used for programs administered or
24 managed by the Risk Management Agen-
25 cy.”.

1 **SEC. 11011. STACKED INCOME PROTECTION PLAN FOR PRO-**
2 **DUCCERS OF UPLAND COTTON.**

3 (a) AVAILABILITY OF STACKED INCOME PROTECTION
4 PLAN.—The Federal Crop Insurance Act is amended by
5 inserting after section 508A (7 U.S.C. 1508a) the fol-
6 lowing:

7 **“SEC. 508B. STACKED INCOME PROTECTION PLAN FOR**
8 **PRODUCERS OF UPLAND COTTON.**

9 “(a) AVAILABILITY.—Beginning not later than the
10 2013 crop of upland cotton, if practicable, the Corporation
11 shall make available to producers of maximum eligible
12 acres of upland cotton an additional policy (to be known
13 as the ‘Stacked Income Protection Plan’), which shall pro-
14 vide coverage consistent with the Group Risk Income Pro-
15 tection Plan (and the associated Harvest Revenue Option
16 Endorsement) offered by the Corporation for the 2011
17 crop year.

18 “(b) REQUIRED TERMS.—The Corporation may mod-
19 ify the Stacked Income Protection Plan on a program-wide
20 basis, except that the Stacked Income Protection Plan
21 shall comply with the following requirements:

22 “(1)(A) Provide coverage for revenue loss of not
23 more than 30 percent of expected county revenue,
24 specified in increments of 5 percent.

25 “(B) The deductible is the minimum percent of
26 revenue loss at which indemnities are triggered

1 under the plan, not to be less than 10 percent of the
2 expected county revenue.

3 “(C) Once the deductible is met, any losses in
4 excess of the deductible will be paid up to the cov-
5 erage selected by the producer.

6 “(2) Be offered to producers of upland cotton
7 in all counties with upland cotton production—

8 “(A) at a county-wide level to the fullest
9 extent practicable; or

10 “(B) in counties that lack sufficient data,
11 on the basis of such larger geographical area as
12 the Corporation determines to provide sufficient
13 data for purposes of providing the coverage.

14 “(3) Be purchased in addition to any other in-
15 dividual or area coverage in effect on the producer’s
16 acreage or as a stand-alone policy, except that if a
17 producer has an individual or area coverage for the
18 same acreage, the maximum coverage available
19 under the Stacked Income Protection Plan shall not
20 exceed the deductible for the individual or area cov-
21 erage.

22 “(4) Establish coverage based on—

23 “(A) an expected price that is the expected
24 price established under existing Group Risk In-
25 come Protection or area wide policy offered by

1 the Corporation for the applicable county (or
2 area) and crop year; and

3 “(B) an expected county yield that is the
4 higher of—

5 “(i) the expected county yield estab-
6 lished for the existing area-wide plans of-
7 fered by the Corporation for the applicable
8 county (or area) and crop year (or, in geo-
9 graphic areas where area-wide plans are
10 not offered, an expected yield determined
11 in a manner consistent with those of area-
12 wide plans); or

13 “(ii)(I) the average of the applicable
14 yield data for the county (or area) for the
15 most recent 5 years, excluding the highest
16 and lowest observations, from the Risk
17 Management Agency or the National Agri-
18 cultural Statistics, or both; or

19 “(II) if sufficient county data is not
20 available, such other data considered ap-
21 propriate by the Secretary.

22 “(5) Use a multiplier factor to establish max-
23 imum protection per acre (referred to as a ‘protec-
24 tion factor’) of not more than 120 percent.

1 “(6) Pay an indemnity based on the amount
2 that the expected county revenue exceeds the actual
3 county revenue, as applied to the individual coverage
4 of the producer. Indemnities under the Stacked In-
5 come Protection Plan shall not include or overlap
6 the amount of the deductible selected under para-
7 graph (1).

8 “(7) To the maximum extent practicable, in all
9 counties for which data are available, establish sepa-
10 rate coverage for irrigated and nonirrigated prac-
11 tices.

12 “(8) Notwithstanding section 508(d), include a
13 premium that—

14 “(A) is sufficient to cover anticipated
15 losses and a reasonable reserve; and

16 “(B) includes an amount for operating and
17 administrative expenses established in accord-
18 ance with section 508(k)(4)(F).

19 “(c) RELATION TO OTHER COVERAGES.—

20 “(1) IN GENERAL.—Except as provided in para-
21 graph (2), the Stacked Income Protection Plan is in
22 addition to all other coverages available to producers
23 of upland cotton.

24 “(2) LIMITATION.—Acreage of upland cotton
25 insured under the Supplemental Coverage Option

1 shall not be eligible for the Stacked Income Protec-
2 tion Plan.

3 “(d) PAYMENT OF PORTION OF PREMIUM BY COR-
4 PORATION.—Subject to section 508(e)(4), the amount of
5 premium paid by the Corporation for all qualifying cov-
6 erage levels of the Stacked Income Protection Plan shall
7 be—

8 “(1) 80 percent of the amount of the premium
9 established under subsection (b)(8)(A) for the cov-
10 erage level selected; and

11 “(2) the amount determined under subsection
12 (b)(8)(B) to cover administrative and operating ex-
13 penses.”.

14 (b) CONFORMING AMENDMENT.—Section
15 508(k)(4)(F) of the Federal Crop Insurance Act (7 U.S.C.
16 1508(k)(4)(F)) (as amended by section 11001(d)) is
17 amended by inserting “or under section 508B” after “sub-
18 section (c)(4)(C)”.

19 **SEC. 11012. PEANUT REVENUE CROP INSURANCE.**

20 The Federal Crop Insurance Act is amended by in-
21 serting after section 508B (as added by section 11011(a))
22 the following:

23 **“SEC. 508C. PEANUT REVENUE CROP INSURANCE.**

24 “(a) IN GENERAL.—Effective beginning with the
25 2013 crop year, the Risk Management Agency and the

1 Corporation shall make available to producers of peanuts
2 a revenue crop insurance program for peanuts.

3 “(b) EFFECTIVE PRICE.—

4 “(1) IN GENERAL.—Subject to paragraph (2),
5 for purposes of the policies and plans of insurance
6 offered under subsections (a) and (b) of section 508,
7 the effective price for peanuts shall be equal to the
8 Rotterdam price index for peanuts, as adjusted to
9 reflect the farmer stock price of peanuts in the
10 United States.

11 “(2) ADJUSTMENTS.—

12 “(A) IN GENERAL.—The effective price for
13 peanuts established under paragraph (1) may
14 be adjusted by the Risk Management Agency
15 and the Corporation to correct distortions.

16 “(B) ADMINISTRATION.—If an adjustment
17 is made under subparagraph (A), the Risk
18 Management Agency and the Corporation
19 shall—

20 “(i) make the adjustment in an open
21 and transparent manner; and

22 “(ii) submit to the Committee on Ag-
23 riculture of the House of Representatives
24 and the Committee on Agriculture, Nutri-
25 tion, and Forestry of the Senate a report

1 that describes the reasons for the adjust-
2 ment.”.

3 **SEC. 11013. AUTHORITY TO CORRECT ERRORS.**

4 Section 515(c) of the Federal Crop Insurance Act (7
5 U.S.C. 1515(c)) is amended—

6 (1) in the first sentence, by striking “The Sec-
7 retary” and inserting the following:

8 “(1) IN GENERAL.—The Secretary”;

9 (2) in the second sentence, by striking “Begin-
10 ning with” and inserting the following:

11 “(2) FREQUENCY.—Beginning with”; and

12 (3) by adding at the end the following:

13 “(3) CORRECTIONS.—

14 “(A) IN GENERAL.—The Corporation shall
15 establish procedures that allow an agent and
16 approved insurance provider within a reasonable
17 amount of time following the applicable sales
18 closing date to correct information regarding
19 the entity name, social security number, tax
20 identification number, or such other eligibility
21 information as determined by the Corporation
22 that is provided by a producer for the purpose
23 of obtaining coverage under any policy or plan
24 of insurance made available under this subtitle
25 to ensure that the eligibility information is con-

1 sistent with the information reported by the
2 producer to the Farm Service Agency.

3 “(B) LIMITATION.—In accordance with the
4 procedures of the Corporation, procedures
5 under subparagraph (A) may include any subse-
6 quent correction to the eligibility information
7 described in that subparagraph made by the
8 Farm Service Agency if the corrections do not
9 allow the producer—

10 “(i) to obtain a disproportionate ben-
11 efit under the crop insurance program or
12 any related program of the Department of
13 Agriculture;

14 “(ii) to avoid ineligibility requirements
15 for insurance; or

16 “(iii) to avoid an obligation or re-
17 quirement under any Federal or State
18 law.”.

19 **SEC. 11014. IMPLEMENTATION.**

20 Section 515 of the Federal Crop Insurance Act (7
21 U.S.C. 1515) is amended—

22 (1) in subsection (j), by striking paragraph (1)
23 and inserting the following:

24 “(1) SYSTEMS MAINTENANCE AND UP-
25 GRADES.—

1 “(A) IN GENERAL.—The Secretary shall
2 maintain and upgrade the information manage-
3 ment systems of the Corporation used in the
4 administration and enforcement of this subtitle.

5 “(B) REQUIREMENT.—

6 “(i) IN GENERAL.—In maintaining
7 and upgrading the systems, the Secretary
8 shall ensure that new hardware and soft-
9 ware are compatible with the hardware and
10 software used by other agencies of the De-
11 partment to maximize data sharing and
12 promote the purposes of this section.

13 “(ii) ACREAGE REPORT STREAM-
14 LINING INITIATIVE PROJECT.—As soon as
15 practicable, the Secretary shall develop and
16 implement an acreage report streamlining
17 initiative project to allow producers to re-
18 port acreage and other information directly
19 to the Department.”; and

20 (2) in subsection (k), by striking paragraph (1)
21 and inserting the following:

22 “(1) INFORMATION TECHNOLOGY.—

23 “(A) IN GENERAL.—For purposes of sub-
24 section (j)(1), the Corporation may use, from
25 amounts made available from the insurance

1 fund established under section 516(c), not more
2 than—

3 “(i)(I) for fiscal year 2013,
4 \$25,000,000; and

5 “(II) for each of fiscal years 2014
6 through 2017, \$10,000,000; or

7 “(ii) if the Acreage Crop Reporting
8 Streamlining Initiative (ACRSI) project is
9 substantially completed by September 30,
10 2013, not more than \$15,000,000 for each
11 of fiscal years 2014 through 2017.

12 “(B) NOTIFICATION.—Not later than July
13 1, 2013, the Secretary shall notify the Com-
14 mittee on Agriculture of the House of Rep-
15 resentatives and the Committee on Agriculture,
16 Nutrition, and Forestry of the Senate on the
17 status of the substantial completion of the
18 Acreage Crop Reporting Streamlining Initiative
19 (ACRSI) project.”.

20 **SEC. 11015. APPROVAL OF COSTS FOR RESEARCH AND DE-**
21 **VELOPMENT.**

22 Section 522(b)(2) of the Federal Crop Insurance Act
23 (7 U.S.C. 1522(b)(2)) is amended by striking subpara-
24 graph (E) and inserting the following:

25 “(E) APPROVAL.—

1 “(i) IN GENERAL.—The Board may
2 approve up to 50 percent of the projected
3 total research and development costs to be
4 paid in advance to an applicant, in accord-
5 ance with the procedures developed by the
6 Board for the making of the payments, if,
7 after consideration of the reviewer reports
8 described in subparagraph (D) and such
9 other information as the Board determines
10 appropriate, the Board determines that—

11 “(I) the concept, in good faith,
12 will likely result in a viable and mar-
13 ketable policy consistent with section
14 508(h);

15 “(II) at the sole discretion of the
16 Board, the concept, if developed into a
17 policy and approved by the Board,
18 would provide crop insurance cov-
19 erage—

20 “(aa) in a significantly im-
21 proved form or that addresses a
22 unique need of agricultural pro-
23 ducers;

1 “(bb) to a crop or region not
2 traditionally served by the Fed-
3 eral crop insurance program; or

4 “(cc) in a form that ad-
5 dresses a recognized flaw or
6 problem in the program;

7 “(III) the applicant agrees to
8 provide such reports as the Corpora-
9 tion determines are necessary to mon-
10 itor the development effort;

11 “(IV) the proposed budget and
12 timetable are reasonable, as deter-
13 mined by the Board; and

14 “(V) the concept proposal meets
15 any other requirements that the
16 Board determines appropriate.

17 “(ii) WAIVER.—The Board may waive
18 the 50-percent limitation and, upon re-
19 quest of the submitter after the submitter
20 has begun research and development activi-
21 ties, the Board may approve an additional
22 25 percent advance payment to the sub-
23 mitter for research and development costs,
24 if, at the sole discretion of the Board, the
25 Board determines that—

1 “(I) the intended policy or plan
2 of insurance developed by the sub-
3 mitter will provide coverage for a re-
4 gion or crop that is underserved by
5 the Federal crop insurance program,
6 including specialty crops;

7 “(II) the submitter is making
8 satisfactory progress towards devel-
9 oping a viable and marketable policy
10 or plan of insurance consistent with
11 section 508(h); and

12 “(III) the submitter does not
13 have sufficient financial resources to
14 complete the development of the sub-
15 mission into a viable and marketable
16 policy or plan of insurance consistent
17 with section 508(h).”.

18 **SEC. 11016. WHOLE FARM RISK MANAGEMENT INSURANCE.**

19 Section 522(c) of the Federal Crop Insurance Act (7
20 U.S.C. 1522(c)) is amended by adding at the end the fol-
21 lowing:

22 “(18) WHOLE FARM DIVERSIFIED RISK MAN-
23 AGEMENT INSURANCE PLAN.—

24 “(A) IN GENERAL.—The Corporation shall
25 conduct activities or enter into contracts to

1 carry out research and development to develop
2 a whole farm risk management insurance plan,
3 with a liability limitation of \$1,500,000, that
4 allows a diversified crop or livestock producer
5 the option to qualify for an indemnity if actual
6 gross farm revenue is below 85 percent of the
7 average gross farm revenue or the expected
8 gross farm revenue that can reasonably be ex-
9 pected of the producer, as determined by the
10 Corporation.

11 “(B) ELIGIBLE PRODUCERS.—The Cor-
12 poration shall permit producers (including di-
13 rect-to-consumer marketers, and producers
14 servicing local and regional and farm identity-
15 preserved markets) who produce multiple agri-
16 cultural commodities, including specialty crops,
17 industrial crops, livestock, and aquaculture
18 products, to participate in the plan in lieu of
19 any other plan under this subtitle.

20 “(C) DIVERSIFICATION.—The Corporation
21 may provide diversification-based additional
22 coverage payment rates, premium discounts, or
23 other enhanced benefits in recognition of the
24 risk management benefits of crop and livestock
25 diversification strategies for producers that

1 grow multiple crops or that may have income
2 from the production of livestock that uses a
3 crop grown on the farm.

4 “(D) MARKET READINESS.—The Corpora-
5 tion may include coverage for the value of any
6 packing, packaging, or any other similar on-
7 farm activity the Corporation determines to be
8 the minimum required in order to remove the
9 commodity from the field.

10 “(E) REPORT.—Not later than 2 years
11 after the date of enactment of this paragraph,
12 the Corporation shall submit to the Committee
13 on Agriculture of the House of Representatives
14 and the Committee on Agriculture, Nutrition,
15 and Forestry of the Senate a report that de-
16 scribes the results and feasibility of the re-
17 search and development conducted under this
18 paragraph, including an analysis of potential
19 adverse market distortions.”.

20 **SEC. 11017. STUDY OF FOOD SAFETY INSURANCE.**

21 Section 522(c) of the Federal Crop Insurance Act (7
22 U.S.C. 1522(c)) (as amended by section 11016) is amend-
23 ed by adding at the end the following:

24 “(19) STUDY OF FOOD SAFETY INSURANCE.—

1 “(A) IN GENERAL.—The Corporation shall
2 offer to enter into a contract with 1 or more
3 qualified entities to conduct a study to deter-
4 mine whether offering policies that provide cov-
5 erage for specialty crops from food safety and
6 contamination issues would benefit agricultural
7 producers.

8 “(B) SUBJECT.—The study described in
9 subparagraph (A) shall evaluate policies and
10 plans of insurance coverage that provide protec-
11 tion for production or revenue impacted by food
12 safety concerns including, at a minimum, gov-
13 ernment, retail, or national consumer group an-
14 nouncements of a health advisory, removal, or
15 recall related to a contamination concern.

16 “(C) REPORT.—Not later than 1 year
17 after the date of enactment of this paragraph,
18 the Corporation shall submit to the Committee
19 on Agriculture of the House of Representatives
20 and the Committee on Agriculture, Nutrition,
21 and Forestry of the Senate a report that de-
22 scribes the results of the study conducted under
23 subparagraph (A).”.

1 **SEC. 11018. CROP INSURANCE FOR LIVESTOCK.**

2 Section 522(c) of the Federal Crop Insurance Act (as
3 amended by section 11016) is amended by adding at the
4 end the following:

5 “(19) STUDY ON SWINE CATASTROPHIC DIS-
6 EASE PROGRAM.—

7 “(A) IN GENERAL.—The Corporation shall
8 contract with a qualified person to conduct a
9 study to determine the feasibility of insuring
10 swine producers for a catastrophic event.

11 “(B) REPORT.—Not later than 1 year
12 after the date of the enactment of this para-
13 graph, the Corporation shall submit to the
14 Committee on Agriculture of the House of Rep-
15 resentatives and the Committee on Agriculture,
16 Nutrition, and Forestry of the Senate a report
17 that describes the results of the study con-
18 ducted under subparagraph (A).”.

19 **SEC. 11019. MARGIN COVERAGE FOR CATFISH.**

20 Section 522(c) of the Federal Crop Insurance Act (as
21 amended by section 11017) is amended by adding at the
22 end the following:

23 “(20) MARGIN COVERAGE FOR CATFISH.—

24 “(A) IN GENERAL.—The Corporation shall
25 offer to enter into a contract with a qualified
26 entity to conduct research and development re-

1 regarding a policy to insure producers against re-
2 duction in the margin between the market value
3 of catfish and selected costs incurred in the
4 production of catfish.

5 “(B) ELIGIBILITY.—Eligibility for the pol-
6 icy described in subparagraph (A) shall be lim-
7 ited to freshwater species of catfish that are
8 propagated and reared in controlled or selected
9 environments.

10 “(C) IMPLEMENTATION.—The Board shall
11 review the policy described in subparagraph (B)
12 under subsection 508(h) and approve the policy
13 if the Board finds that the policy—

14 “(i) will likely result in a viable and
15 marketable policy consistent with this sub-
16 section;

17 “(ii) would provide crop insurance
18 coverage in a significantly improved form;

19 “(iii) adequately protects the interests
20 of producers; and

21 “(iv) the proposed policy meets other
22 requirements of this subtitle determined
23 appropriate by the Board.”.

1 **SEC. 11020. POULTRY BUSINESS DISRUPTION INSURANCE**
2 **POLICY.**

3 Section 522(c) of the Federal Crop Insurance Act (7
4 U.S.C. 1522(c)) (as amended by sections 11016, 11017,
5 and 11018) is amended by adding at the end the following:

6 “(21) POULTRY BUSINESS DISRUPTION INSUR-
7 ANCE POLICY AND CATASTROPHIC DISEASE PRO-
8 GRAM.—

9 “(A) DEFINITION OF POULTRY.—In this
10 paragraph, the term ‘poultry’ has the meaning
11 given the term in section 2(a) of the Packers
12 and Stockyards Act, 1921 (7 U.S.C. 182(a)).

13 “(B) AUTHORITY.—The Corporation shall
14 offer to enter into 1 or more contracts with
15 qualified entities to carry out—

16 “(i) a study to determine the feasi-
17 bility of insuring commercial poultry pro-
18 duction against business disruptions
19 caused by integrator bankruptcy; and

20 “(ii) a study to determine the feasi-
21 bility of insuring poultry producers for a
22 catastrophic event.

23 “(C) BUSINESS DISRUPTION STUDY.—The
24 study described in subparagraph (B)(i) shall—

1 “(i) evaluate the market place for
2 business disruption insurance that is avail-
3 able to poultry producers;

4 “(ii) assess the feasibility of a policy
5 to allow producers to ensure against a por-
6 tion of losses from loss under contract due
7 to business disruption from integrator
8 bankruptcy; and

9 “(iii) analyze the costs to the Federal
10 government of a Federal business disrup-
11 tion insurance program for poultry pro-
12 ducers.

13 “(D) REPORTS.—Not later than 1 year
14 after the date of enactment of this paragraph,
15 the Corporation shall submit to the Committee
16 on Agriculture of the House of Representatives
17 and the Committee on Agriculture, Nutrition,
18 and Forestry of the Senate a report that de-
19 scribes the results of—

20 “(i) the study carried out under sub-
21 paragraph (B)(i); and

22 “(ii) the study carried out under sub-
23 paragraph (B)(ii).”.

1 **SEC. 11021. CROP INSURANCE FOR ORGANIC CROPS.**

2 (a) IN GENERAL.—Section 508(c)(6) of the Federal
3 Crop Insurance Act (7 U.S.C. 1508(c)(6)) is amended by
4 adding at the end the following:

5 “(D) ORGANIC CROPS.—

6 “(i) IN GENERAL.—As soon as pos-
7 sible, but not later than the 2015 reinsur-
8 ance year, the Corporation shall offer pro-
9 ducers of organic crops price elections for
10 all organic crops produced in compliance
11 with standards issued by the Department
12 of Agriculture under the national organic
13 program established under the Organic
14 Foods Production Act of 1990 (7 U.S.C.
15 6501 et seq.) that reflect the actual retail
16 or wholesale prices, as appropriate, re-
17 ceived by producers for organic crops, as
18 determined by the Secretary using all rel-
19 evant sources of information.

20 “(ii) ANNUAL REPORT.—The Corpora-
21 tion shall submit to the Committee on Ag-
22 riculture of the House of Representatives
23 and the Committee on Agriculture, Nutri-
24 tion, and Forestry of the Senate an annual
25 report on progress made in developing and

1 improving Federal crop insurance for or-
2 ganic crops, including—

3 “(I) the numbers and varieties of
4 organic crops insured;

5 “(II) the progress of imple-
6 menting the price elections required
7 under this subparagraph, including
8 the rate at which additional price elec-
9 tions are adopted for organic crops;

10 “(III) the development of new in-
11 surance approaches relevant to or-
12 ganic producers; and

13 “(IV) any recommendations the
14 Corporation considers appropriate to
15 improve Federal crop insurance cov-
16 erage for organic crops.”.

17 (b) CONFORMING AMENDMENT.—Section 522(c) of
18 the Federal Crop Insurance Act (7 U.S.C. 1522(c)) (as
19 amended by section 11018) is amended—

20 (1) by striking paragraph (10); and

21 (2) by redesignating paragraphs (11) through
22 (20) as paragraphs (10) through (19), respectively.

23 **SEC. 11022. RESEARCH AND DEVELOPMENT.**

24 (a) IN GENERAL.—Section 522(c) of the Federal
25 Crop Insurance Act (7 U.S.C. 1522(c)) is amended—

1 (1) in the subsection heading, by striking “Con-
2 tracting”;

3 (2) in paragraph (1), in the matter preceding
4 subparagraph (A), by striking “may enter into con-
5 tracts to carry out research and development to”
6 and inserting “may conduct activities or enter into
7 contracts to carry out research and development to
8 maintain or improve existing policies or develop new
9 policies to”;

10 (3) in paragraph (2)—

11 (A) in subparagraph (A), by inserting
12 “conduct research and development or” after
13 “The Corporation may”; and

14 (B) by striking subparagraph (B) and in-
15 serting the following:

16 “(B) CONSULTATION.—Before conducting
17 research and development or entering into a
18 contract under subparagraph (A), the Corpora-
19 tion shall follow the consultation requirements
20 described in section 508(h)(4)(E).”;

21 (4) in paragraph (5), by inserting “after expert
22 review in accordance with section 505(e) and proce-
23 dures of the Board” after “approved by the Board”;
24 and

1 (5) in paragraph (6), by striking “a pasture,
2 range, and forage program” and inserting “policies
3 that increase participation by producers of under-
4 served agricultural commodities, including sweet sor-
5 ghum, sorghum for biomass, specialty crops, sugar-
6 cane, and dedicated energy crops”.

7 (b) FUNDING.—Section 522(e) of the Federal Crop
8 Insurance Act (7 U.S.C. 1522(e)) is amended—

9 (1) in paragraph (2)—

10 (A) by striking “(A) AUTHORITY.—” and
11 inserting “(A) CONDUCTING AND CONTRACTING
12 FOR RESEARCH AND DEVELOPMENT.—”;

13 (B) in subparagraph (A), by inserting
14 “conduct research and development and” after
15 “the Corporation may use to”; and

16 (C) in subparagraph (B), by inserting
17 “conduct research and development and” after
18 “for the fiscal year to”;

19 (2) in paragraph (3), in the matter preceding
20 subparagraph (A), by striking “to provide either re-
21 imbursement payments or contract payments”; and

22 (3) by striking paragraph (4).

23 **SEC. 11023. PILOT PROGRAMS.**

24 Section 523(a) of the Federal Crop Insurance Act (7
25 U.S.C. 1523(a)) is amended—

1 (1) in paragraph (1), by inserting “, at the sole
2 discretion of the Corporation,” after “may”; and
3 (2) by striking paragraph (5).

4 **SEC. 11024. INDEX-BASED WEATHER INSURANCE PILOT**
5 **PROGRAM.**

6 Section 523(a)(2) of the Federal Crop Insurance Act
7 (7 U.S.C. 1523(a)(2)) is amended—

8 (1) by striking “Under” inserting the following:

9 “(A) IN GENERAL.—Under”; and

10 (2) by adding at the end the following:

11 “(B) INDEX-BASED WEATHER INSURANCE
12 PILOT PROGRAM.—

13 “(i) IN GENERAL.—Notwithstanding
14 subparagraph (A), the Corporation, at the
15 sole discretion of the Corporation, may
16 conduct a pilot program to provide finan-
17 cial assistance for producers of under-
18 served crops and livestock (including spe-
19 cialty crops) to purchase an index-based
20 weather insurance product from a private
21 insurance company, subject to the require-
22 ments of this subparagraph.

23 “(ii) PAYMENT OF PREMIUM.—

24 “(I) IN GENERAL.—Subject to
25 subclause (II) and clause (v), the Cor-

1 poration may pay a portion of the pre-
2 mium for producers who purchase
3 index-based weather insurance protec-
4 tion from a private insurance com-
5 pany for a crop and policy that is not
6 reinsured under this subtitle, as deter-
7 mined by the Corporation.

8 “(II) CONDITION.—The premium
9 assistance under subclause (I) shall
10 not exceed 60 percent of the esti-
11 mated premium amount, based on ex-
12 pected losses, representative operating
13 expenses, and representative profit
14 margins, as determined by the Cor-
15 poration.

16 “(iii) ELIGIBLE PROVIDERS.—Before
17 providing premium assistance to producers
18 to purchase index-based weather insurance
19 from a private insurance company pursu-
20 ant to this subparagraph, the Corporation
21 shall verify that the company has adequate
22 experience—

23 “(I) to develop and manage the
24 index-based weather insurance prod-
25 ucts, including adequate resources, ex-

1 perience, and assets or sufficient rein-
2 surance to meet the obligations of the
3 company under this subparagraph;
4 and

5 “(II) to support and deliver the
6 index-based weather insurance prod-
7 ucts.

8 “(iv) PROCEDURES.—The Corporation
9 shall develop and publish procedures to ad-
10 minister the pilot program under this sub-
11 paragraph that—

12 “(I) require each applicable pri-
13 vate insurance company to report
14 claim and sales data, and any other
15 data the Corporation determines to be
16 appropriate, to allow the Corporation
17 to evaluate product pricing and per-
18 formance;

19 “(II) allow the private insurance
20 companies exclusive rights over the
21 private insurance offered under this
22 subparagraph, including rating of
23 policies, protection of intellectual
24 property rights on the product or pol-
25 icy, and associated rating method-

1 ology, for the period during which the
2 companies are eligible under clause
3 (iii); and

4 “(III) contain such other require-
5 ments as the Corporation determines
6 to be necessary to ensure that—

7 “(aa) the interests of pro-
8 ducers are protected; and

9 “(bb) the program operates
10 in an actuarially sound manner.

11 “(v) FUNDING.—Of the funds of the
12 Corporation, the Corporation shall use to
13 carry out this subparagraph \$10,000,000
14 for each of fiscal years 2013 through
15 2017, to remain available until expended.”.

16 **SEC. 11025. ENHANCING PRODUCER SELF-HELP THROUGH**
17 **FARM FINANCIAL BENCHMARKING.**

18 (a) DEFINITION.—Section 502(b) of the Federal
19 Crop Insurance Act (7 U.S.C. 1502(b)) is amended—

20 (1) by redesignating paragraphs (6) through
21 (9) as paragraphs (7) through (10), respectively;
22 and

23 (2) by inserting after paragraph (5) the fol-
24 lowing:

1 “(6) FARM FINANCIAL BENCHMARKING.—The
2 term ‘farm financial benchmarking’ means—

3 “(A) the process of comparing the per-
4 formance of an agricultural enterprise against
5 the performance of other similar enterprises,
6 through the use of comparable and reliable
7 data, in order to identify business management
8 strengths, weaknesses, and steps necessary to
9 improve management performance and business
10 profitability; and

11 “(B) benchmarking of the type conducted
12 by farm management and producer associations
13 consistent with the activities described in or
14 funded pursuant to section 1672D of the Food,
15 Agriculture, Conservation, and Trade Act of
16 1990 (7 U.S.C. 5925f).”.

17 (b) PARTNERSHIPS FOR RISK MANAGEMENT FOR
18 PRODUCERS OF SPECIALTY CROPS AND UNDERSERVED
19 AGRICULTURAL COMMODITIES.—Section 522(d)(3)(F) of
20 the Federal Crop Insurance Act (7 U.S.C. 1522(d)(3)(F))
21 is amended by inserting “farm financial benchmarking,”
22 after “management,”.

23 (c) CROP INSURANCE EDUCATION AND RISK MAN-
24 AGEMENT ASSISTANCE.—Section 524(a) of the Federal
25 Crop Insurance Act (7 U.S.C. 1524(a)) is amended—

1 (1) in paragraph (3)(A), by inserting “farm fi-
2 nancial benchmarking,” after “risk reduction,”; and

3 (2) in paragraph (4), in the matter preceding
4 subparagraph (A), by inserting “(including farm fi-
5 nancial benchmarking)” after “management strate-
6 gies”.

7 **SEC. 11026. BEGINNING FARMER AND RANCHER PROVI-**
8 **SIONS.**

9 (a) DEFINITION.—Section 502(b) of the Federal
10 Crop Insurance Act (7 U.S.C. 1502(b)) (as amended by
11 section 11022(a)) is amended—

12 (1) by redesignating paragraphs (3) through
13 (10) as paragraphs (4) through (11), respectively;
14 and

15 (2) by inserting after paragraph (2) the fol-
16 lowing:

17 “(3) BEGINNING FARMER OR RANCHER.—The
18 term ‘beginning farmer or rancher’ means a farmer
19 or rancher who has not actively operated and man-
20 aged a farm or ranch with a bona fide insurable in-
21 terest in a crop or livestock as an owner-operator,
22 landlord, tenant, or sharecropper for more than 5
23 crop years, as determined by the Secretary.”.

1 (b) PREMIUM ADJUSTMENTS.—Section 508 of the
2 Federal Crop Insurance Act (7 U.S.C. 1508) is amend-
3 ed—

4 (1) in subsection (b)(5)(E), by inserting “and
5 beginning farmers or ranchers” after “limited re-
6 source farmers”;

7 (2) in subsection (e), by adding at the end the
8 following:

9 “(8) PREMIUM FOR BEGINNING FARMERS OR
10 RANCHERS.—Notwithstanding any other provision of
11 this subsection regarding payment of a portion of
12 premiums, a beginning farmer or rancher shall re-
13 ceive premium assistance that is 10 percentage
14 points greater than premium assistance that would
15 otherwise be available under paragraphs (2) (except
16 for subparagraph (A) of that paragraph), (5), (6),
17 and (7) for the applicable policy, plan of insurance,
18 and coverage level selected by the beginning farmer
19 or rancher.”; and

20 (3) in subsection (g)—

21 (A) in paragraph (2)(B)—

22 (i) in clause (i), by striking “or” at
23 the end;

24 (ii) in clause (ii)(III), by striking the
25 period at the end and inserting “; or”; and

1 (iii) by adding at the end the fol-
2 lowing:

3 “(iii) if the producer is a beginning
4 farmer or rancher who was previously in-
5 volved in a farming or ranching operation,
6 including involvement in the decision-
7 making or physical involvement in the pro-
8 duction of the crop or livestock on the
9 farm, for any acreage obtained by the be-
10 ginning farmer or rancher, a yield that is
11 the higher of—

12 “(I) the actual production history
13 of the previous producer of the crop
14 or livestock on the acreage determined
15 under subparagraph (A); or

16 “(II) a yield of the producer, as
17 determined in clause (i).”; and

18 (B) in paragraph (4)(B)(ii) (as amended
19 by section 11006)—

20 (i) by inserting “(I)” after “(ii)”;

21 (ii) by striking the period at the end
22 and inserting “; or”; and

23 (iii) by adding at the end the fol-
24 lowing:

1 “(II) in the case of begin-
2 ning farmers or ranchers, replace
3 each excluded yield with a yield
4 equal to 80 percent of the appli-
5 cable transitional yield.”.

6 **SEC. 11027. AGRICULTURAL MANAGEMENT ASSISTANCE,**
7 **RISK MANAGEMENT EDUCATION, AND OR-**
8 **GANIC CERTIFICATION COST SHARE ASSIST-**
9 **ANCE.**

10 Section 524 of the Federal Crop Insurance Act (7
11 U.S.C. 1524) is amended by striking subsection (b) and
12 inserting the following:

13 “(b) AGRICULTURAL MANAGEMENT ASSISTANCE,
14 RISK MANAGEMENT EDUCATION, AND ORGANIC CERTIFI-
15 CATION COST SHARE ASSISTANCE.—

16 “(1) AUTHORITY FOR PROVISION OF ASSIST-
17 ANCE.—The Secretary shall provide assistance under
18 this section as follows:

19 “(A) Provision of organic certification cost
20 share assistance pursuant to section 10606 of
21 the Farm Security and Rural Investment Act of
22 2002 (7 U.S.C. 6523).

23 “(B) Activities to support risk manage-
24 ment education and community outreach part-

1 nerships pursuant to section 522(d), includ-
2 ing—

3 “(i) entering into futures or hedging;

4 “(ii) entering into agricultural trade
5 options as a hedging transaction to reduce
6 production, price, or revenue risk; or

7 “(iii) conducting any other activity re-
8 lating to an activity described in clause (i)
9 or (ii), including farm financial
10 benchmarking, as determined by the Sec-
11 retary.

12 “(C) Provision of agricultural management
13 assistance grants to producers in States in
14 which there has been traditionally, and con-
15 tinues to be, a low level of Federal crop insur-
16 ance participation and availability, and pro-
17 ducers underserved by the Federal crop insur-
18 ance program, as determined by the Secretary,
19 for the purposes of—

20 “(i) constructing or improving—

21 “(I) watershed management
22 structures; or

23 “(II) irrigation structures;

1 “(ii) planting trees to form
2 windbreaks or to improve water quality;
3 and

4 “(iii) mitigating financial risk through
5 production or marketing diversification or
6 resource conservation practices, includ-
7 ing—

8 “(I) soil erosion control;

9 “(II) integrated pest manage-
10 ment;

11 “(III) organic farming; or

12 “(IV) to develop and implement a
13 plan to create marketing opportunities
14 for the producer, including through
15 value-added processing.

16 “(2) PAYMENT LIMITATION.—The total amount
17 of payments made to a person (as defined in section
18 1001(5) of the Food Security Act (7 U.S.C.
19 1308(5))) (as in existence before the amendment
20 made by section 1603(b) of the Food, Conservation,
21 and Energy Act of 2008 (Public Law 110–246; 122
22 Stat. 1730)) under paragraph (1) for any year may
23 not exceed \$50,000.

24 “(3) FUNDING.—

1 “(A) IN GENERAL.—The Secretary shall
2 carry out this subsection through the Com-
3 modity Credit Corporation.

4 “(B) FUNDING.—For each of fiscal years
5 2013 through 2017, the Commodity Credit Cor-
6 poration shall make available to carry out this
7 subsection \$23,000,000.

8 “(C) DISTRIBUTION OF FUNDS.—Of the
9 amount made available to carry out this sub-
10 section for a fiscal year, the Commodity Credit
11 Corporation shall use not less than—

12 “(i) 50 percent to carry out para-
13 graph (1)(A);

14 “(ii) 26 percent to carry out para-
15 graph (1)(B); and

16 “(iii) 24 percent to carry out para-
17 graph (1)(C).”.

18 **SEC. 11028. CROP PRODUCTION ON NATIVE SOD.**

19 (a) FEDERAL CROP INSURANCE.—Section 508(o) of
20 the Federal Crop Insurance Act (7 U.S.C. 1508(o)) is
21 amended—

22 (1) in paragraph (1)(B), by inserting “, or the
23 producer cannot substantiate that the ground has
24 ever been tilled,” after “tilled”;

1 (2) in paragraph (2)(A), by striking “for bene-
2 fits under—” and all that follows through the period
3 at the end and inserting “for—

4 “(i) a portion of crop insurance pre-
5 mium subsidies under this subtitle in ac-
6 cordance with paragraph (3);

7 “(ii) benefits under section 196 of the
8 Federal Agriculture Improvement and Re-
9 form Act of 1996 (7 U.S.C. 7333); and

10 “(iii) payments described in sub-
11 section (b) of section 1001 of the Food Se-
12 curity Act of 1985 (7 U.S.C. 1308).”;

13 (3) by striking paragraph (3) and inserting the
14 following:

15 “(3) ADMINISTRATION.—

16 “(A) IN GENERAL.—During the first 4
17 crop years of planting on native sod acreage by
18 a producer described in paragraph (2)—

19 “(i) paragraph (2) shall apply to 65
20 percent of the applicable transitional yield;
21 and

22 “(ii) the crop insurance premium sub-
23 sidy provided for the producer under this
24 subtitle shall be 50 percentage points less

1 than the premium subsidy that would oth-
2 erwise apply.

3 “(B) YIELD SUBSTITUTION.—During the
4 period native sod acreage is covered by this sub-
5 section, a producer may not substitute yields
6 for the native sod acreage.”.

7 (b) NONINSURED CROP DISASTER ASSISTANCE.—
8 Section 196(a)(4) of the Federal Agriculture Improvement
9 and Reform Act of 1996 (7 U.S.C. 7333(a)(4)) is amend-
10 ed—

11 (1) in subparagraph (A)(ii), by inserting “, or
12 the producer cannot substantiate that the ground
13 has ever been tilled,” after “tilled”;

14 (2) in subparagraph (B)(i), by striking “for
15 benefits under—” and all that follows through the
16 period at the end and inserting “for—

17 “(I) benefits under this section;

18 “(II) a portion of crop insurance
19 premium subsidies under the Federal
20 Crop Insurance Act (7 U.S.C. 1501 et
21 seq.) in accordance with subparagraph
22 (C); and

23 “(III) payments described in sub-
24 section (b) of section 1001 of the

1 Food Security Act of 1985 (7 U.S.C.
2 1308).”; and

3 (3) by striking subparagraph (C) and inserting
4 the following:

5 “(C) ADMINISTRATION.—

6 “(i) IN GENERAL.—During the first 4
7 crop years of planting on native sod acre-
8 age by a producer described in subpara-
9 graph (B)—

10 “(I) subparagraph (B) shall
11 apply to 65 percent of the applicable
12 transitional yield; and

13 “(II) the crop insurance premium
14 subsidy provided for the producer
15 under the Federal Crop Insurance Act
16 (7 U.S.C. 1501 et seq.) shall be 50
17 percentage points less than the pre-
18 mium subsidy that would otherwise
19 apply.

20 “(ii) YIELD SUBSTITUTION.—During
21 the period native sod acreage is covered by
22 this paragraph, a producer may not sub-
23 stitute yields for the native sod acreage.”.

24 (c) CROPLAND REPORT.—

1 (1) BASELINE.—Not later than 180 days after
2 the date of enactment of this Act, the Secretary of
3 Agriculture shall submit to the Committee on Agri-
4 culture of the House of Representatives and the
5 Committee on Agriculture, Nutrition, and Forestry
6 of the Senate a report that describes the cropland
7 acreage in each county and State, and the change in
8 cropland acreage from the preceding year in each
9 county and State, beginning with calendar year
10 2000 and including that information for the most
11 recent year for which that information is available.

12 (2) ANNUAL UPDATES.—Not later than Janu-
13 ary 1, 2014, and each January 1 thereafter through
14 January 1, 2017, the Secretary of Agriculture shall
15 submit to the Committee on Agriculture of the
16 House of Representatives and the Committee on Ag-
17 riculture, Nutrition, and Forestry of the Senate a
18 report that describes—

19 (A) the cropland acreage in each county
20 and State as of the date of submission of the
21 report; and

22 (B) the change in cropland acreage from
23 the preceding year in each county and State.

1 **SEC. 11029. TECHNICAL AMENDMENTS.**

2 Section 508(b) of the Federal Crop Insurance Act (7
3 U.S.C. 1508(b)) is amended—

4 (1) by striking paragraph (7); and

5 (2) by redesignating paragraphs (8) through
6 (11) as paragraphs (7) through (10), respectively.

7 **SEC. 11030. GREATER ACCESSIBILITY FOR CROP INSUR-**
8 **ANCE.**

9 (a) FINDINGS.—Congress finds that—

10 (1) due to changes in commodity and other ag-
11 ricultural programs made by the Agriculture Re-
12 form, Food, and Jobs Act of 2012, it is more impor-
13 tant than ever that agricultural producers be able to
14 fully understand the terms of plans and policies of
15 crop insurance offered under the Federal Crop In-
16 surance Act (7 U.S.C. 1501 et seq.); and

17 (2) proposed reductions by the Secretary in the
18 number of State and local offices of the Farm Serv-
19 ice Agency will reduce the services available to assist
20 agricultural producers in understanding crop insur-
21 ance.

22 (b) REQUIREMENT FOR USE OF PLAIN LANGUAGE.—

23 (1) IN GENERAL.—In issuing regulations and
24 guidance relating to plans and policies of crop insur-
25 ance, the Risk Management Agency and the Federal
26 Crop Insurance Corporation shall, to the greatest ex-

1 tent practicable, use plain language, as required
2 under Executive Orders 12866 (5 U.S.C. 601 note;
3 relating to regulatory planning and review) and
4 12988 (28 U.S.C. 519 note; relating to civil justice
5 reform).

6 (2) REPORT.—Not later than 180 days after
7 the date of enactment of this Act, the Secretary
8 shall submit to the Committee on Agriculture of the
9 House of Representatives and the Committee on Ag-
10 riculture, Nutrition, and Forestry of the Senate a
11 report describing the efforts of the Secretary to ac-
12 celerate compliance with the Executive Orders de-
13 scribed in paragraph (1).

14 (c) WEBSITE.—

15 (1) IN GENERAL.—Not later than 1 year after
16 the date of enactment of this Act, the Secretary, in
17 consultation with the approved insurance providers
18 (as defined in section 502(b) of the Federal Crop In-
19 surance Act (7 U.S.C. 1502(b)), shall improve the
20 existing Internet website through which agricultural
21 producers in any State may identify crop insurance
22 options in that State.

23 (2) REQUIREMENTS.—The website described in
24 paragraph (1) shall—

1 (A) provide answers in an easily accessible
2 format to frequently asked questions; and

3 (B) include published materials of the De-
4 partment of Agriculture that relate to plans and
5 policies of crop insurance offered under that
6 Act.

7 (d) ADMINISTRATION.—Nothing in this section au-
8 thorizes the Risk Management Agency to sell a crop insur-
9 ance policy or plan of insurance.

10 **SEC. 11031. GAO CROP INSURANCE FRAUD REPORT.**

11 Section 515(d) of the Federal Crop Insurance Act (7
12 U.S.C. 1515(d)) is amended by adding at the end the fol-
13 lowing:

14 “(6) GAO CROP INSURANCE FRAUD REPORT.—
15 As soon as practicable after the date of enactment
16 of this paragraph, the Comptroller General of the
17 United States shall conduct, and submit to Congress
18 a report describing the results of, a study regarding
19 fraudulent claims filed, and benefits provided, under
20 this subtitle.”.

21 **SEC. 11032. LIMITATION ON PREMIUM SUBSIDY BASED ON**
22 **AVERAGE ADJUSTED GROSS INCOME.**

23 Section 508(e) of the Federal Crop Insurance Act (7
24 U.S.C. 1508(e)) (as amended by section 11023(b)) is
25 amended by adding at the end the following:

1 “(9) LIMITATION ON PREMIUM SUBSIDY BASED
2 ON AVERAGE ADJUSTED GROSS INCOME.—

3 “(A) DEFINITION OF AVERAGE ADJUSTED
4 GROSS INCOME.—In this paragraph, the term
5 ‘average adjusted gross income’ has the mean-
6 ing given the term in section 1001D(a) of the
7 Food Security Act of 1985 (7 U.S.C. 1308–
8 3a(a)).

9 “(B) LIMITATION.—Notwithstanding any
10 other provision of this subtitle and beginning
11 with the 2014 reinsurance year, in the case of
12 any producer that is a person or legal entity
13 that has an average adjusted gross income in
14 excess of \$750,000 based on the most recent
15 data available from the Farm Service Agency as
16 of the beginning of the reinsurance year, the
17 total amount of premium subsidy provided with
18 respect to additional coverage under subsection
19 (c), section 508B, or section 508C issued on be-
20 half of the producer for a reinsurance year shall
21 be 15 percentage points less than the premium
22 subsidy provided in accordance with this sub-
23 section that would otherwise be available for the
24 applicable policy, plan of insurance, and cov-
25 erage level selected by the producer.

1 “(C) APPLICATION.—

2 “(i) STUDY.—Not later than 1 year
3 after the date of enactment of this Act, the
4 Secretary, in consultation with the Govern-
5 ment Accountability Office, shall carry out
6 a study to determine the effects of the lim-
7 itation described in subparagraph (B) on—

8 “(I) the overall operations of the
9 Federal crop insurance program;

10 “(II) the number of producers
11 participating in the Federal crop in-
12 surance program;

13 “(III) the level of coverage pur-
14 chased by participating producers;

15 “(IV) the amount of premiums
16 paid by participating producers and
17 the Federal Government;

18 “(V) any potential liability for
19 participating producers, approved in-
20 surance providers, and the Federal
21 Government;

22 “(VI) different crops or growing
23 regions;

24 “(VII) program rating struc-
25 tures;

1 “(VIII) creation of schemes or
2 devices to evade the impact of the lim-
3 itation; and

4 “(IX) administrative and oper-
5 ating expenses paid to approved insur-
6 ance providers and underwriting gains
7 and loss for the Federal government
8 and approved insurance providers.

9 “(ii) EFFECTIVENESS.—The limita-
10 tion described in subparagraph (B) shall
11 not take effect unless the Secretary deter-
12 mines, through the study described in
13 clause (i), that the limitation would not—

14 “(I) significantly increase the
15 premium amount paid by producers
16 with an average adjusted gross income
17 of less than \$750,000;

18 “(II) result in a decline in the
19 crop insurance coverage available to
20 producers; and

21 “(III) increase the total cost of
22 the Federal crop insurance program.”.

1 **TITLE XII—MISCELLANEOUS**
2 **Subtitle A—Socially Disadvantaged**
3 **Producers and Limited Re-**
4 **source Producers**

5 **SEC. 12001. OUTREACH AND ASSISTANCE FOR SOCIALLY**
6 **DISADVANTAGED FARMERS AND RANCHERS**
7 **AND VETERAN FARMERS AND RANCHERS.**

8 (a) OUTREACH AND ASSISTANCE FOR SOCIALLY DIS-
9 ADVANTAGED FARMERS AND RANCHERS AND VETERAN
10 FARMERS AND RANCHERS.—Section 2501 of the Food,
11 Agriculture, Conservation, and Trade Act of 1990 (7
12 U.S.C. 2279) is amended—

13 (1) in the section heading, by inserting “**AND**
14 **VETERAN FARMERS AND RANCHERS**” after
15 “**RANCHERS**”;

16 (2) in subsection (a)—

17 (A) in paragraph (2)(B)(i), by inserting
18 “and veteran farmers or ranchers” after
19 “ranchers”; and

20 (B) in paragraph (4)—

21 (i) in subparagraph (A)—

22 (I) in clause (i), by striking
23 “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, vaccines, vaccination delivery systems,
12 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 “(c) CONTRACTS AND COOPERATIVE AGREE-
11 MENTS.—For purposes of carrying out the duties under
12 subsection (b), the Military Veterans Agricultural Liaison
13 may enter into contracts or cooperative agreements with
14 the research centers of the Agricultural Research Service,
15 institutions of higher education, or nonprofit organizations
16 for—

17 “(1) the conduct of regional research on the
18 profitability of small farms;

19 “(2) the development of educational materials;

20 “(3) the conduct of workshops, courses, and
21 certified vocational training;

22 “(4) the conduct of mentoring activities; or

23 “(5) the provision of internship opportunities.”.

24 (b) CONFORMING AMENDMENTS.—Section 296(b) of
25 the Department of Agriculture Reorganization Act of

1 1994 (7 U.S.C. 7014(b)) (as amended by section 4206(b))

2 is amended—

3 (1) in paragraph (8), by striking the “or” at
4 the end;

5 (2) in paragraph (9), by striking the period at
6 the end and inserting “; or”; and

7 (3) by adding at the end the following:

8 “(10) the authority of the Secretary to establish
9 in the Department the position of Military Veterans
10 Agricultural Liaison in accordance with section
11 219.”.

12 **SEC. 12202. INFORMATION GATHERING.**

13 Section 1619(b)(3) of the Food, Conservation, and
14 Energy Act of 2008 (7 U.S.C. 8791) is amended by add-
15 ing at the end the following:

16 “(B) COOPERATION WITH STATE AND
17 LOCAL GOVERNMENTS.—

18 “(i) IN GENERAL.—Subject to clause
19 (ii), in the case of a State agency, political
20 subdivision, or local governmental agency
21 that is charged with implementing an agri-
22 culture or conservation program under
23 State law, on request of the State agency,
24 political subdivision, or local governmental
25 agency, the information described in para-

1 graph (2) shall be disclosed to the State
2 agency, political subdivision, or local gov-
3 ernmental agency if the Secretary deter-
4 mines that the State agency, political sub-
5 division, or local governmental agency
6 demonstrates that the disclosure is re-
7 quired for implementing the State pro-
8 gram.

9 “(ii) RESTRICTION.—Any information
10 disclosed to a State agency, political sub-
11 division, or local governmental agency
12 under clause (i) shall be—

13 “(I) used solely by the State
14 agency, political subdivision, or local
15 governmental agency; and

16 “(II) exempt from disclosure to
17 the public, including under any State
18 law that allows a citizen to petition a
19 State agency for that information.”.

20 **SEC. 12203. GRANTS TO IMPROVE SUPPLY, STABILITY,**
21 **SAFETY, AND TRAINING OF AGRICULTURAL**
22 **LABOR FORCE.**

23 Section 14204(d) of the Food, Conservation, and En-
24 ergy Act of 2008 (7 U.S.C. 2008q-1(d)) is amended to
25 read as follows:

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated to carry out this sec-
3 tion—

4 “(1) such sums as are necessary for each of fis-
5 cal years 2008 through 2012; and

6 “(2) \$10,000,000 for each of fiscal years 2013
7 through 2017.”.

8 **SEC. 12204. NONINSURED CROP ASSISTANCE PROGRAM.**

9 (a) IN GENERAL.—Section 196 of the Federal Agri-
10 culture Improvement and Reform Act of 1996 (7 U.S.C.
11 7333) is amended—

12 (1) in subsection (a)—

13 (A) by striking paragraph (1) and insert-
14 ing the following:

15 “(1) IN GENERAL.—

16 “(A) COVERAGES.—In the case of an eligi-
17 ble crop described in paragraph (2), the Sec-
18 retary of Agriculture shall operate a noninsured
19 crop disaster assistance program to provide cov-
20 erages based on individual yields (other than
21 for value-loss crops) equivalent to—

22 “(i) catastrophic risk protection avail-
23 able under section 508(b) of the Federal
24 Crop Insurance Act (7 U.S.C. 1508(b)); or

1 “(ii) additional coverage available
2 under subsections (c) and (h) of section
3 508 of that Act (7 U.S.C. 1508) that does
4 not exceed 65 percent.

5 “(B) ADMINISTRATION.—The Secretary
6 shall carry out this section through the Farm
7 Service Agency (referred to in this section as
8 the ‘Agency’).”; and

9 (B) in paragraph (2)—

10 (i) in subparagraph (A)—

11 (I) in the matter before clause
12 (i), by striking “(except livestock)”
13 and inserting “(except livestock and
14 crops and grasses used for grazing)”;

15 (II) in clause (i), by striking
16 “and” after the semicolon at the end;

17 (III) by redesignating clause (ii)
18 as clause (iii); and

19 (IV) by inserting after clause (i)
20 the following:

21 “(ii) for which additional
22 coverage under subsections (c)
23 and (h) of section 508 of that
24 Act (7 U.S.C. 1508) is not avail-
25 able; and”;

1 (ii) in subparagraph (B)—

2 (I) by inserting “(except ferns)”
3 after “floricultural”;

4 (II) by inserting “(except ferns)”
5 after “ornamental nursery”; and

6 (III) by striking “(including or-
7 namental fish)” and inserting “(in-
8 cluding ornamental fish, but excluding
9 tropical fish)”;

10 (2) in subsection (d), by striking “The Sec-
11 retary” and inserting “Subject to subsection (l), the
12 Secretary”;

13 (3) in subsection (k)(1)—

14 (A) in subparagraph (A), by striking
15 “\$250” and inserting “\$260”; and

16 (B) in subparagraph (B)—

17 (i) by striking “\$750” and inserting
18 “\$780”; and

19 (ii) by striking “\$1,875” and insert-
20 ing “\$1,950”; and

21 (4) by adding at the end the following:

22 “(l) PAYMENT EQUIVALENT TO ADDITIONAL COV-
23 ERAGE.—

24 “(1) IN GENERAL.—The Secretary shall make
25 available to a producer eligible for noninsured assist-

1 ance under this section a payment equivalent to an
2 indemnity for additional coverage under subsections
3 (c) and (h) of section 508 of the Federal Crop In-
4 surance Act (7 U.S.C. 1508) that does not exceed
5 65 percent, computed by multiplying—

6 “(A) the quantity that is less than 50 to
7 65 percent of the established yield for the crop,
8 as determined by the Secretary, specified in in-
9 crements of 5 percent;

10 “(B) 100 percent of the average market
11 price for the crop, as determined by the Sec-
12 retary; and

13 “(C) a payment rate for the type of crop,
14 as determined by the Secretary, that reflects—

15 “(i) in the case of a crop that is pro-
16 duced with a significant and variable har-
17 vesting expense, the decreasing cost in-
18 curred in the production cycle for the crop
19 that is, as applicable—

20 “(I) harvested;

21 “(II) planted but not harvested;

22 or

23 “(III) prevented from being
24 planted because of drought, flood, or

1 other natural disaster, as determined
2 by the Secretary; or

3 “(ii) in the case of a crop that is pro-
4 duced without a significant and variable
5 harvesting expense, such rate as shall be
6 determined by the Secretary.

7 “(2) PREMIUM.—To be eligible to receive a pay-
8 ment under this subsection, a producer shall pay—

9 “(A) the service fee required by subsection
10 (k); and

11 “(B) a premium for the applicable crop
12 year that is equal to—

13 “(i) the product obtained by multi-
14 plying—

15 “(I) the number of acres devoted
16 to the eligible crop;

17 “(II) the yield, as determined by
18 the Secretary under subsection (e);

19 “(III) the coverage level elected
20 by the producer;

21 “(IV) the average market price,
22 as determined by the Secretary; and

23 “(ii) 5.25-percent premium fee.

24 “(3) LIMITED RESOURCE, BEGINNING, AND SO-
25 CIALY DISADVANTAGED FARMERS.—The additional

1 coverage made available under this subsection shall
2 be available to limited resource, beginning, and so-
3 cially disadvantaged producers, as determined by the
4 Secretary, in exchange for a premium that is 50 per-
5 cent of the premium determined for a producer
6 under paragraph (2).

7 “(4) ADDITIONAL AVAILABILITY.—

8 “(A) IN GENERAL.—As soon as practicable
9 after October 1, 2013, the Secretary shall make
10 assistance available to producers of an other-
11 wise eligible crop described in subsection (a)(2)
12 that suffered losses—

13 “(i) to a 2012 annual fruit crop
14 grown on a bush or tree; and

15 “(ii) in a county covered by a declara-
16 tion by the Secretary of a natural disaster
17 for production losses due to a freeze or
18 frost.

19 “(B) ASSISTANCE.—The Secretary shall
20 make assistance available under subparagraph
21 (A) in an amount equivalent to assistance avail-
22 able under paragraph (1), less any fees not pre-
23 viously paid under paragraph (2).”.

24 (b) TERMINATION DATE.—

1 (1) IN GENERAL.—Effective October 1, 2017,
2 subsection (a) and the amendments made by sub-
3 section (a) (other than the amendments made by
4 clauses (i)(I) and (ii) of subsection (a)(1)(B)) are re-
5 pealed

6 (2) ADMINISTRATION.—Effective October 1,
7 2017, section 196 of the Federal Agriculture Im-
8 provement and Reform Act of 1996 (7 U.S.C. 7333)
9 shall be applied and administered as if subsection
10 (a) and the amendments made by subsection (a)
11 (other than the amendments made by clauses (i)(I)
12 and (ii) of subsection (a)(1)(B)) had not been en-
13 acted.

14 **SEC. 12205. REGIONAL ECONOMIC AND INFRASTRUCTURE**
15 **DEVELOPMENT.**

16 Section 15751 of title 40, United States Code, is
17 amended—

18 (1) in subsection (a), by striking “2012” and
19 inserting “2017”; and

20 (2) in subsection (b)—

21 (A) by striking “Not more than” and in-
22 serting the following:

23 “(1) IN GENERAL.—Except as provided in para-
24 graph (2), not more than”; and

25 (B) by adding at the end the following:

1 “(2) LIMITED FUNDING.—In a case in which
2 less than \$10,000,000 is made available to a Com-
3 mission for a fiscal year under this section, para-
4 graph (1) shall not apply.”.

5 **SEC. 12206. CANADA GEESE REMOVAL.**

6 (a) IN GENERAL.—On a determination by the Ad-
7 ministrators of the Federal Aviation Administration that
8 the population of Canada geese residing on land under the
9 jurisdiction of the National Park Service that is located
10 within 5 miles of any commercial airport poses a risk to
11 flight safety, the Secretary (acting through the Adminis-
12 trator of the Animal and Plant Health Inspection Service),
13 in consultation with the Secretary of the Interior and the
14 Administrator of the Federal Aviation Administration,
15 shall—

16 (1) by the first subsequent molting period for
17 Canada geese that occurs after the date of enact-
18 ment of this Act, publish a management plan that
19 provides for the removal, by not later than 1 year
20 after the date of publication, of all Canada geese re-
21 siding on the applicable land; and

22 (2) as soon as practicable after the date of pub-
23 lication of the management plan under paragraph
24 (1), commence removal of Canada geese from the
25 applicable land.

1 (b) JFK INTERNATIONAL AIRPORT.—Not later than
2 June 1, 2012, the Secretary (acting through the Adminis-
3 trator of the Animal and Plant Health Inspection Service)
4 shall—

5 (1) issue a record of decision for the document
6 entitled “Supplement to the Environmental Impact
7 Statement Bird Hazard Reduction Program: John
8 F. Kennedy International Airport”; and

9 (2) commence consultation with the Secretary
10 of the Interior to complete the collection and re-
11 moval of Canada geese from the applicable National
12 Park Service land to ensure that the removal is com-
13 pleted by not later than August 1, 2012.

14 **SEC. 12207. OFFICE OF TRIBAL RELATIONS.**

15 (a) IN GENERAL.—Title III of the Department of Ag-
16 riculture Reorganization Act of 1994 is amended by add-
17 ing after section 308 (7 U.S.C. 3125a note; Public Law
18 103–354) the following:

19 **“SEC. 309. OFFICE OF TRIBAL RELATIONS.**

20 “The Secretary shall establish in the Office of the
21 Secretary an Office of Tribal Relations.”.

22 (b) CONFORMING AMENDMENTS.—Section 296(b) of
23 the Department of Agriculture Reorganization Act of
24 1994 (7 U.S.C. 7014(b)) (as amended by section
25 12201(b)) is amended—

1 (1) in paragraph (8), by striking “or” at the
2 end;

3 (2) in paragraph (9), by striking the period at
4 the end and inserting “; or”; and

5 (3) by adding at the end the following:

6 “(10) the authority of the Secretary to establish
7 in the Office of the Secretary the Office of Tribal
8 Relations in accordance with section 309.”.

9 **SEC. 12208. REPEAL OF DUPLICATIVE PROGRAM.**

10 (a) IN GENERAL.—Effective on the date of enact-
11 ment of the Food, Conservation, and Energy Act (7
12 U.S.C. 8701 et seq.), section 11016 of that Act (Public
13 Law 110–246; 122 Stat. 2130) and the amendments made
14 by that section are repealed.

15 (b) APPLICATION.—The Agricultural Marketing Act
16 of 1946 (7 U.S.C. 1621 et seq.) and the Federal Meat
17 Inspection Act (21 U.S.C. 601 et seq.) shall be applied
18 and administered as if section 11016 of the Food, Con-
19 servation, and Energy Act (Public Law 110–246; 122
20 Stat. 2130) and the amendments made by that section had
21 not been enacted.

22 **SEC. 12209. SENSE OF THE SENATE.**

23 It is the sense of the Senate that nothing in this Act
24 or an amendment made by this Act should manipulate
25 prices or interfere with the free market.

1 **SEC. 12210. ACER ACCESS AND DEVELOPMENT PROGRAM.**

2 (a) GRANTS AUTHORIZED; AUTHORIZED ACTIVI-
3 TIES.—The Secretary of Agriculture may make grants to
4 States and tribal governments to support their efforts to
5 promote the domestic maple syrup industry through the
6 following activities:

7 (1) Promotion of research and education related
8 to maple syrup production.

9 (2) Promotion of natural resource sustainability
10 in the maple syrup industry.

11 (3) Market promotion for maple syrup and
12 maple-sap products.

13 (4) Encouragement of owners and operators of
14 privately held land containing species of tree in the
15 genus *Acer*—

16 (A) to initiate or expand maple-sugaring
17 activities on the land; or

18 (B) to voluntarily make the land available,
19 including by lease or other means, for access by
20 the public for maple-sugaring activities.

21 (b) APPLICATIONS.—In submitting an application for
22 a grant under this section, a State or tribal government
23 shall include—

24 (1) a description of the activities to be sup-
25 ported using the grant funds;

1 (2) a description of the benefits that the State
2 or tribal government intends to achieve as a result
3 of engaging in such activities; and

4 (3) an estimate of the increase in maple-sug-
5 aring activities or maple syrup production that the
6 State or tribal government anticipates will occur as
7 a result of engaging in such activities.

8 (c) RELATIONSHIP TO OTHER LAWS.—Nothing in
9 this section preempts a State or tribal government law,
10 including any State or tribal government liability law.

11 (d) DEFINITION OF MAPLE SUGARING.—In this sec-
12 tion, the term “maple-sugaring” means the collection of
13 sap from any species of tree in the genus *Acer* for the
14 purpose of boiling to produce food.

15 (e) REGULATIONS.—The Secretary of Agriculture
16 shall promulgate such regulations as are necessary to
17 carry out this section.

18 (f) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section
20 \$20,000,000 for each of fiscal years 2012 through 2015.

21 **SEC. 12211. DEFINITION OF RURAL AREA FOR PURPOSES**
22 **OF THE HOUSING ACT OF 1949.**

23 The second sentence of section 520 of the Housing
24 Act of 1949 (42 U.S.C. 1490) is amended—

1 (1) by striking “1990 or 2000 decennial census
2 shall continue to be so classified until the receipt of
3 data from the decennial census in the year 2010”
4 and inserting “1990, 2000, or 2010 decennial cen-
5 sus, and any area deemed to be a ‘rural area’ for
6 purposes of this title under any other provision of
7 law at any time during the period beginning Janu-
8 ary 1, 2000, and ending December 31, 2010, shall
9 continue to be so classified until the receipt of data
10 from the decennial census in the year 2020”; and

11 (2) by striking “25,000” and inserting
12 “35,000”.

13 **SEC. 12212. ANIMAL WELFARE.**

14 Section 2(h) of the Animal Welfare Act (7 U.S.C.
15 2132(h)) is amended by adding “an owner of a common,
16 domesticated household pet who derives less than a sub-
17 stantial portion of income from a nonprimary source (as
18 determined by the Secretary) for exhibiting an animal that
19 exclusively resides at the residence of the pet owner,” after
20 “stores,”.

1 **SEC. 12213. PROHIBITION ON ATTENDING AN ANIMAL**
2 **FIGHT OR CAUSING A MINOR TO ATTEND AN**
3 **ANIMAL FIGHT; ENFORCEMENT OF ANIMAL**
4 **FIGHTING PROVISIONS.**

5 (a) PROHIBITION ON ATTENDING AN ANIMAL FIGHT
6 OR CAUSING A MINOR TO ATTEND AN ANIMAL FIGHT.—
7 Section 26 of the Animal Welfare Act (7 U.S.C. 2156)
8 is amended—

9 (1) in subsection (a)—

10 (A) in the heading, by striking “SPON-
11 SORING OR EXHIBITING AN ANIMAL IN” and in-
12 serting “SPONSORING OR EXHIBITING AN ANI-
13 MAL IN, ATTENDING, OR CAUSING A MINOR TO
14 ATTEND”;

15 (B) in paragraph (1)—

16 (i) in the heading, by striking “IN
17 GENERAL” and inserting “SPONSORING OR
18 EXHIBITING”; and

19 (ii) by striking “paragraph (2)” and
20 inserting “paragraph (3)”;

21 (C) by redesignating paragraph (2) as
22 paragraph (3); and

23 (D) by inserting after paragraph (1) the
24 following new paragraph:

25 “(2) ATTENDING OR CAUSING A MINOR TO AT-
26 TEND.—It shall be unlawful for any person to—

1 “(A) knowingly attend an animal fighting
2 venture; or

3 “(B) knowingly cause a minor to attend an
4 animal fighting venture.”; and

5 (2) in subsection (g), by adding at the end the
6 following new paragraph:

7 “(5) the term ‘minor’ means a person under the
8 age of 18 years old.”.

9 (b) ENFORCEMENT OF ANIMAL FIGHTING PROHIBI-
10 TIONS.—Section 49 of title 18, United States Code, is
11 amended—

12 (1) by striking “Whoever” and inserting “(a)
13 IN GENERAL.—Whoever”;

14 (2) in subsection (a), as designated by para-
15 graph (1) of this section, by striking “subsection
16 (a),” and inserting “subsection (a)(1),”; and

17 (3) by adding at the end the following new sub-
18 sections:

19 “(b) ATTENDING AN ANIMAL FIGHTING VENTURE.—
20 Whoever violates subsection (a)(2)(A) of section 26 of the
21 Animal Welfare Act (7 U.S.C. 2156) shall be fined under
22 this title, imprisoned for not more than 1 year, or both,
23 for each violation.

24 “(c) CAUSING A MINOR TO ATTEND AN ANIMAL
25 FIGHTING VENTURE.—Whoever violates subsection

1 (a)(2)(B) of section 26 (7 U.S.C. 2156) of the Animal
2 Welfare Act shall be fined under this title, imprisoned for
3 not more than 3 years, or both, for each violation.”.

4 **SEC. 12214. PROHIBITING USE OF PRESIDENTIAL ELECTION**
5 **CAMPAIGN FUNDS FOR PARTY CONVEN-**
6 **TIONS.**

7 (a) IN GENERAL.—

8 (1) IN GENERAL.—Chapter 95 of the Internal
9 Revenue Code of 1986 is amended by striking sec-
10 tion 9008.

11 (2) CLERICAL AMENDMENT.—The table of sec-
12 tions of chapter 95 of such Code is amended by
13 striking the item relating to section 9008.

14 (b) CONFORMING AMENDMENTS.—

15 (1) AVAILABILITY OF PAYMENTS TO CAN-
16 DIDATES.—The third sentence of section 9006(c) of
17 the Internal Revenue Code of 1986 is amended by
18 striking “, section 9008(b)(3),”.

19 (2) REPORTS BY FEDERAL ELECTION COMMIS-
20 SION.—Section 9009(a) of such Code is amended—

21 (A) by adding “and” at the end of para-
22 graph (2);

23 (B) by striking the semicolon at the end of
24 paragraph (3) and inserting a period; and

1 (C) by striking paragraphs (4), (5), and
2 (6).

3 (3) PENALTIES.—Section 9012 of such Code is
4 amended—

5 (A) in subsection (a)(1), by striking the
6 second sentence; and

7 (B) in subsection (c), by striking para-
8 graph (2) and redesignating paragraph (3) as
9 paragraph (2).

10 (4) AVAILABILITY OF PAYMENTS FROM PRESI-
11 DENTIAL PRIMARY MATCHING PAYMENT ACCOUNT.—
12 The second sentence of section 9037(a) of such Code
13 is amended by striking “and for payments under
14 section 9008(b)(3)”.

15 (c) RETURN OF PREVIOUSLY SUBMITTED MONEY
16 FOR DEFICIT REDUCTION.—Any amount which is re-
17 turned by the national committee of a major party or a
18 minor party to the general fund of the Treasury from an
19 account established under section 9008 of the Internal
20 Revenue Code of 1986 after the date of the enactment
21 of this Act shall be dedicated to the sole purpose of deficit
22 reduction.

23 (d) EFFECTIVE DATE.—The amendments made by
24 this section shall apply with respect to elections occurring
25 after December 31, 2012.

1 **SEC. 12215. REPORTS ON EFFECTS OF DEFENSE AND NON-**
2 **DEFENSE BUDGET SEQUESTRATION.**

3 (a) FINDINGS.—Congress makes the following find-
4 ings:

5 (1) The inability of the Joint Select Committee
6 on Deficit Reduction to find \$1,200,000,000,000 in
7 savings will trigger automatic funding reductions
8 known as “sequestration” to raise an equivalent
9 level of savings between fiscal years 2013 and 2021.

10 (2) These savings are in addition to
11 \$900,000,000,000 in deficit reduction resulting from
12 discretionary spending limits established by the
13 Budget Control Act of 2011.

14 (b) REPORTS.—

15 (1) REPORT BY THE DIRECTOR OF THE OFFICE
16 OF MANAGEMENT AND BUDGET.—

17 (A) IN GENERAL.—Not later than 30 days
18 after the date of enactment of this Act, the Di-
19 rector of the Office of Management and Budget
20 shall report upon the impact of sequestration of
21 funds with respect to a sequestration under
22 paragraphs (7)(A) and (8) of section 251(A) of
23 the Balanced Budget and Emergency Deficit
24 Control Act of 1985 (2 U.S.C. 901a) for fiscal
25 year 2013 on January 2, 2013, using enacted
26 levels of appropriations for accounts funded

1 pursuant to an enacted regular appropriations
2 bill for fiscal year 2013, and estimates pursuant
3 to a current rate continuing resolution for ac-
4 counts not funded through an enacted appro-
5 priations measure for fiscal year 2013 as the
6 levels to which the sequestration should be ap-
7 plied.

8 (B) ELEMENTS.—The report required by
9 subparagraph (A) shall include the following:

10 (i) Each account that would be sub-
11 ject to such a sequestration.

12 (ii) Each account that would be sub-
13 ject to such a sequestration but subject to
14 a special rule under section 255 or 256 of
15 the Balanced Budget and Emergency Def-
16 icit Control Act of 1985 (and the citation
17 to such rule).

18 (iii) Each account that would be ex-
19 empt from such a sequestration.

20 (iv) Any other data or information
21 that would enhance public understanding
22 of the sequester and its effect on the de-
23 fense and nondefense functions of the Fed-
24 eral Government including the impact on
25 essential public safety responsibilities such

1 as homeland security, food safety, and air
2 traffic control activities.

3 (C) **CATAGORIZE AND GROUP.**—The report
4 required under this paragraph shall categorize
5 and group the listed accounts by the appropria-
6 tions Act covering such accounts.

7 (2) **REPORT BY THE PRESIDENT.**—

8 (A) **IN GENERAL.**—Not later than 60 days
9 after the date of the enactment of this Act, or
10 by October 30, 2012, whichever is earlier, the
11 President shall submit to Congress a detailed
12 report on the sequestration required by para-
13 graphs (7)(A) and (8) of section 251A of the
14 Balanced Budget and Emergency Deficit Con-
15 trol Act of 1985 (2 U.S.C. 901a) for fiscal year
16 2013 on January 2, 2013.

17 (B) **ELEMENTS.**—The reports required by
18 subparagraph (A) shall include—

19 (i) for discretionary appropriations—

20 (I) an estimate for each category,
21 of the sequestration percentages and
22 amounts necessary to achieve the re-
23 quired reduction; and

24 (II) an identification of each ac-
25 count to be sequestered and estimates

1 of the level of sequestrable budgetary
2 resources and resulting outlays and
3 the amount of budgetary resources to
4 be sequestered and resulting outlay
5 reductions at the program, project,
6 and activity level, using enacted levels
7 of appropriations for accounts funded
8 pursuant to an enacted regular appro-
9 priations bill for fiscal year 2013, and
10 estimates pursuant to a current rate
11 continuing resolution for accounts not
12 funded through an enacted appropria-
13 tions measure for fiscal year 2013;

14 (ii) for non-defense discretionary
15 spending only—

16 (I) a list of the programs,
17 projects, and activities that would be
18 reduced or terminated;

19 (II) an assessment of the jobs
20 lost directly through program and per-
21 sonnel cuts;

22 (III) an estimate of the impact
23 program cuts would have on the long-
24 term competitiveness of the United
25 States and its ability to maintain its

1 lead on research and development, as
2 well as the impact on our national
3 goal to graduate the most students
4 with degrees in in-demand fields;

5 (IV) an assessment of the impact
6 of program cuts to education funding
7 across the country, including esti-
8 mates on teaching jobs lost, the num-
9 ber of students cut off programs they
10 depend on, and education resources
11 lost by States and local educational
12 agencies;

13 (V) an analysis of the impact of
14 cuts to programs middle class families
15 and the most vulnerable families de-
16 pend on, including estimates of how
17 many families would lose access to
18 support for children, housing and nu-
19 trition assistance, and skills training
20 to help workers get better jobs;

21 (VI) an analysis of the impact on
22 small business owners' ability to ac-
23 cess credit and support to expand and
24 create jobs;

1 (VII) an assessment of the im-
2 pact to public safety, including an es-
3 timate of the reduction of police offi-
4 cers, emergency medical technicians,
5 and firefighters;

6 (VIII) a review of the health and
7 safety impact of cuts on communities,
8 including the impact on food safety,
9 national border security, and environ-
10 mental cleanup;

11 (IX) an assessment of the impact
12 of sequestration on environmental
13 programs that protect the Nation's air
14 and water, and safeguard children
15 and families;

16 (X) assessment of the impact of
17 sequestration on the Nation's infra-
18 structure, including how cuts would
19 harm the ability of States and com-
20 munities to invest in roads, bridges,
21 and waterways;

22 (XI) an assessment of the impact
23 on ongoing government operations
24 and the safety of Federal Government
25 personnel;

1 (XII) a detailed estimate of the
2 reduction in force of civilian personnel
3 as a result of sequestration, including
4 the estimated timing of such reduction
5 in force actions and the timing of re-
6 duction in force notifications thereof;
7 and

8 (XIII) an estimate of the number
9 and value of all contracts that will be
10 terminated, restructured, or revised in
11 scope as a result of sequestration, in-
12 cluding an estimate of potential termi-
13 nation costs and of increased contract
14 costs due to renegotiation and rein-
15 statement of contracts;

16 (iii) for direct spending—

17 (I) an estimate for the defense
18 and nondefense functions based on
19 current law of the sequestration per-
20 centages and amount necessary to
21 achieve the required reduction;

22 (II) a specific identification of
23 the reductions required for each non-
24 exempt direct spending account at the

1 program, project, and activity level;
2 and

3 (III) a specific identification of
4 exempt direct spending accounts at
5 the program, project, and activity
6 level; and

7 (iv) any other data or information
8 that would enhance public understanding
9 of the sequester and its effect on the de-
10 fense and nondefense functions of the Fed-
11 eral Government including the impact on
12 essential public safety responsibilities such
13 as—

14 (I) homeland security, food safe-
15 ty, and air traffic control activities;

16 (II) an assessment of the impact
17 of cuts to programs that the Nation's
18 farmers rely on to help them through
19 difficult economic times; and

20 (III) an assessment of the impact
21 of Medicare cuts to the ability for sen-
22 iors to access care.

23 (3) REPORT BY THE SECRETARY OF DE-
24 FENSE.—

1 (A) IN GENERAL.—Not later than August
2 15, 2012, the Secretary of Defense shall report
3 on the impact on national defense accounts as
4 defined by paragraphs (7)(A) and (8) of section
5 251A of the Balanced Budget and Emergency
6 Deficit Control Act of 1985 (2 U.S.C. 901a)
7 using enacted levels of appropriations for ac-
8 counts funded pursuant to an enacted regular
9 appropriations bill for fiscal year 2013, and es-
10 timates pursuant to a current rate continuing
11 resolution for accounts not funded through an
12 enacted appropriations measure for fiscal year
13 2013 as the levels to which the sequestration
14 should be applied.

15 (B) ELEMENTS OF THE DEFENSE RE-
16 PORTS.—The report required by subparagraph
17 (A) shall include the following:

18 (i) An assessment of the impact on
19 ongoing operations and the safety of
20 United States military and civilian per-
21 sonnel.

22 (ii) An assessment of the impact on
23 the readiness of the Armed Forces, includ-
24 ing impacts to steaming hours, flying
25 hours, and full spectrum training miles,

1 and an estimate of the increase or decrease
2 in readiness (as defined in the C status C-
3 1 through C-5).

4 (iii) A detailed estimate of the reduc-
5 tion in force of civilian personnel, including
6 the estimated timing of such reduction in
7 force actions and timing of reduction in
8 force notifications thereof.

9 (iv) A list of the programs, projects,
10 and activities of the Department of De-
11 fense that would be reduced or terminated
12 and the expected savings for each program,
13 project and activity.

14 (v) An estimate of the number and
15 value of all contracts that will be termi-
16 nated, restructured, or revised in scope, in-
17 cluding an estimate of potential termi-
18 nation costs and of increased contract
19 costs due to renegotiation and reinstatement
20 of contracts.

21 (vi) An assessment of the impact on
22 the ability of the Department of Defense to
23 carry out the National Military Strategy of
24 the United States, and any changes to the
25 most recent Risk Assessment of the Chair-

1 man of the Joint Chiefs of Staff under sec-
2 tion 153(b) of title 10, United States
3 Code, arising from sequestration.

